Warwickshire County Council

Statement of Accounts

2021/22

Working for Warwickshire

We would welcome any comments or suggestions you have about this publication. Please contact Virginia Rennie, Strategic Finance, Resources Directorate, Warwickshire County Council.

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You can also leave your comments on our website at www.warwickshire.gov.uk

If this information is difficult to understand, we can provide it in another format, for example, in Braille, in large print, on audiotape, in another language or by talking with you. Please contact Gary Morris on 01926 412243.

This document forms part of the Warwickshire County Council's 2021/22 Statement of Accounts which also includes the Annual Governance Statement and the accounts for Warwickshire Pension Fund. The accounts for the Pension Fund are available at www.warwickshire.gov.uk

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Independent auditor's report to the members of Warwickshire County Council

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Warwickshire County Council (the 'Authority') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies and include the Firefighters' Pension Fund financial statements comprising the Fund Account and Firefighters Pension Fund Net Assets Statement and notes to the Firefighters' Pension Fund Statements The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Strategic Director for Resources use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Strategic Director for Resources conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. In auditing the financial statements, we have concluded that the Strategic Director for Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
The responsibilities of the Strategic Director for Resources with respect to going concern are described in the 'Responsibilities of the Authority, the Strategic Director for Resources and Those Charged with Governance for the financial statements' section of this report.

Other information

The Strategic Director for Resources is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the financial statements, and our auditor's report thereon and our auditor's report on the pension fund financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.
We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above mattes.

Responsibilities of the Authority, the Strategic Director for Resources and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities set out on section B - page 10, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director for Resources. The Strategic Director for Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC

Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Strategic Director for Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Strategic Director for Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Council is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process, being assisted in this regard by the Audit & Standards Committee which is a subgroup of the Council.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant, which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2021/22, The Local Audit and Accountability Act 2014, The Accounts and Audit Regulations 2015, The Local Government Act 2003 and The Local Government Act 1972. We also identified the following additional regulatory frameworks in respect of the Firefighters Pension Fund, The Fire and Rescue Services Act 2004, The Public Service Pensions Act 2013, The Firefighters' Pension Scheme (England) Regulations 2014 and The Firefighters' Pension Scheme (England) Order 2006.
- We enquired of senior officers and the Audit & Standards Committee, concerning the Authority's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of senior officers, internal audit and the Audit & Standards Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
    - The use of journal entries;
    - Estimates and the use of unsupported or favourable assumptions which demonstrate indications of potential management bias;

- Our audit procedures involved:
  - evaluation of the design effectiveness of controls that the Strategic Director for Resources and Performance has in place to prevent and detect fraud;
  - journal entry testing, with a focus on with a focus on unusual journals with specific risk characteristics and large value journals
  - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings and defined benefit pensions liability valuations**.**
  - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings and defined benefit pensions.
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector
  - understanding of the legal and regulatory requirements specific to the Authority including:
    - the provisions of the applicable legislation
    - guidance issued by CIPFA/LASAAC and SOLACE
    - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Warwickshire County Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our consideration of an objection brought to our attention by a local authority elector under Section 27 of the Local Audit and Accountability Act 2014.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Avtar Sohal

Avtar Sohal, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

Date: 31 March 2023

Statement of responsibilities for the statement of accounts

This section explains our responsibilities for our financial affairs and how we make sure we carry out these responsibilities properly, in line with the Accounts and Audit (Amendment) Regulations 2022 and the Accounts and Audit Regulations 2015.

Responsibilities of the Council

We do the following:

- Make sure that one of our officers is responsible for managing our financial affairs. In this council, the Strategic Director for Resources is responsible for this;
- Manage our affairs to make sure we use our resources efficiently and effectively and protect our assets; and
- Approve the statement of accounts.

Responsibilities of the Strategic Director for Resources

As the Strategic Director for Resources, I am responsible for preparing our statement of accounts. These accounts must present a true and fair view of our financial position, including our income and spending for the year.

In preparing our statement of accounts, I have:

- Selected suitable accounting policies and applied them consistently;
- Made reasonable and prudent judgements and estimates; and
- Followed the Chartered Institute of Public Finance and Accountancy/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

I have also:

- Kept proper accounting records which are up to date; and
- Taken steps to prevent and detect fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Warwickshire County Council at 31 March 2022 and the income and expenditure for the year ended 31 March 2022. The unaudited draft accounts were authorised for issue on 22 July 2022. These were audited and were considered and approved at a meeting of the Council on 7 February 2023. The approved accounts were authorised for issue on that date.

Rob Powell
Strategic Director for Resources **Date: 7 February 2023**

Councillor David Humphreys **Date: 7 February 2023**
Chair of the Council

Comprehensive Income and Expenditure Statement

2020/21				2021/22		
Gross expenditure £m	Gross income £m	Net expenditure / income £m	Summary of revenue spending	Gross expenditure £m	Gross income £m	Net expenditure / income £m
			Money spent on services			
285.8	-36.2	249.6	~ Communities Directorate	303.7	-56.2	247.5
356.5	-88.4	268.1	~ People Directorate	388.0	-104.7	283.3
96.8	-10.3	86.5	~ Resources Directorate	101.8	-24.6	77.2
176.2	-268.1	-91.9	~ Schools	181.8	-268.3	-86.5
25.4	-69.1	-43.7	~ Corporate Services and Resourcing	7.4	-111.9	-104.5
	-3.4	-3.4	~ Non-distributed costs	0.0	-2.2	-2.2
940.7	**-475.5**	**465.2**	**Net cost of services**	**982.7**	**-567.9**	**414.8**
24.4	0.0	24.4	~ Other operating expenditure (note 4)	21.2	0.0	21.2
49.7	-14.2	35.5	~ Financing and investment income and expenditure (note 5)	57.0	-20.6	36.4
0.0	-517.2	-517.2	~ Taxation and non-specific grant income and expenditure (note 6)	0.0	-553.9	-553.9
1,014.8	**-1,006.9**	**7.9**	**Surplus (-) or deficit on the provision of services**	**1,060.9**	**-1,142.4**	**-81.5**
			Items that will not be reclassified to the surplus (-) /deficit on the provision of services			
		-7.6	~ Surplus (-) or deficit on revaluation of property, plant and equipment			-103.5
		-0.1	~ Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income.			0.0
		224.0	~ Remeasurements of the net defined benefit liability/(asset)			-221.9
		216.3	**Other comprehensive income and expenditure**			**-325.4**
		224.2	**Total comprehensive income and expenditure**			**-406.9**

To arrive at the figures for each directorate in the table above we adjust the income and expenditure figures used internally to report our financial performance, as required by the Code and regulations. A reconciliation of these adjustments and more details as to what each adjustment relates to are shown in the Expenditure and Funding Analysis (Note 1) and the Adjustments between accounting basis and funding basis under regulations (Note 2) in conjunction with the Movement in Reserves Statement. For administrative reasons the Dedicated Schools Grant (DSG) is managed centrally as a single grant and shown within Schools in the CIES above. However, £82.4 million in 2021/22 was used to fund education related services provided by the Council (£84.9 million in 2020/21).

Figures for income, gains and surpluses are shown as negative (-) above.

Movement in Reserves Statement

Movement in Reserves Statement - 2021/22	General Fund (Unearmarked Funds) £ m	General Fund Earmarked Reserves £ m	General Fund Capital Fund £ m	Total General Fund Reserves £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Total Usable Reserves £ m	Unusable Reserves £ m	Total Authority Reserves £ m
Balance at 31 March 2021	**21.4**	**230.5**	**0.7**	**252.6**	**17.7**	**3.8**	**274.1**	**-227.4**	**46.7**
Movement in Reserves during 2021/22									
Total Comprehensive Income and Expenditure	81.5	0.0	0.0	81.5	0.0	0.0	81.5	325.4	406.9
Adjustments between accounting basis and funding basis under regulations (note 2)	-78.8	0.0	0.3	-78.5	-14.2	26.1	-66.6	66.6	0.0
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	**2.7**	**0.0**	**0.3**	**3.0**	**-14.2**	**26.1**	**14.9**	**392.0**	**406.9**
Transfers to / from (-) Earmarked Reserves (note 7)	1.9	-1.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase / Decrease (-) in Year	**4.6**	**-1.9**	**0.3**	**3.0**	**-14.2**	**26.1**	**14.9**	**392.0**	**406.9**
Balance at 31 March 2022	**26.0**	**228.6**	**1.0**	**255.6**	**3.5**	**29.9**	**289.0**	**164.6**	**453.6**

Movement in Reserves Statement - 2020/21	General Fund (Unearmarked Funds) £ m	General Fund Earmarked Reserves £ m	General Fund Capital Fund £ m	Total General Fund Reserves £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Total Usable Reserves £ m	Unusable Reserves £ m	Total Authority Reserves £ m
Balance at 31 March 2020	**21.2**	**170.1**	**1.7**	**193.0**	**8.9**	**3.6**	**205.5**	**65.4**	**270.9**
Reporting of Schools Budget Deficit to new Adjustment Account at 1 April 2020	0.0	3.0	0.0	3.0	0.0	0.0	3.0	-3.0	0.0
Restated balance at 1 April 2021	**21.2**	**173.1**	**1.7**	**196.0**	**8.9**	**3.6**	**208.5**	**62.4**	**270.9**
Movement in Reserves during 2020/21									
Total Comprehensive Income and Expenditure	-7.9	0.0	0.0	-7.9	0.0	0.0	-7.9	-216.3	-224.2
Adjustments between accounting basis and funding basis under regulations (note 2)	64.4	0.0	0.1	64.5	8.8	0.2	73.5	-73.5	0.0
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	**56.5**	**0.0**	**0.1**	**56.6**	**8.8**	**0.2**	**65.6**	**-289.8**	**-224.2**
Transfers to / from (-) Earmarked Reserves (note 7)	-56.4	57.4	-1.1	0.0	0.0	0.0	0.0	0.0	0.0
Increase / Decrease (-) in Year	**0.2**	**57.4**	**-1.0**	**56.6**	**8.8**	**0.2**	**65.6**	**-289.8**	**-224.2**
Balance at 31 March 2021	**21.4**	**230.5**	**0.7**	**252.6**	**17.7**	**3.8**	**274.1**	**-227.4**	**46.7**

Balance Sheet as at 31 March 2022

31 March 2021 £ m		31 March 2022 £ m	Notes
1,122.8	Property, plant and equipment	1,333.2	**8**
4.6	Heritage assets	5.0	**10**
4.9	Investment property	5.7	**11**
2.2	Intangible assets	1.1	**12**
1,134.5	**Total fixed assets**	1,345.0	
12.3	Long-term investments	14.2	**13**
3.1	Long-term debtors	3.3	**13**
1,149.9	**Total long-term assets**	**1,362.5**	
	Current assets		
211.7	Short-term investments	312.2	**13**
0.4	Inventories	0.6	
105.6	Short-term debtors	113.9	**15**
198.5	Cash and cash equivalents	161.5	**16**
516.2	**Total current assets**	**588.2**	
	Current liabilities		
-5.6	Short-term provisions	-5.3	**18**
-149.0	Short-term creditors	-159.4	**17**
-2.7	Short-term grants received in advance	-5.1	**24**
-157.3	**Total current liabilities**	**-169.8**	
358.9	**Current assets less current liabilities**	**418.4**	
-2.2	Long-term provisions	-2.2	**18**
-321.4	Long-term borrowing	-321.4	**13**
-75.7	Long-term grants received in advance	-102.6	**24**
-1,062.8	Liability related to defined benefit pension scheme	-901.1	**37**
-1,462.1	**Long-term liabilities**	**-1,327.3**	
46.7	**Net assets**	**453.6**	
274.1	Usable reserves	289.0	**19**
-227.4	Unusable reserves	164.6	**20**
46.7	**Total reserves**	**453.6**	

Rob Powell
Strategic Director for Resources
7 February 2023

Cash Flow Statement

31 March 2021 £ m		Notes	31 March 2022 £ m
-7.9	Net surplus or (deficit) on the provision of services		81.5
154.9	Adjustment to surplus or deficit on the provision of services for noncash movements	21	33.6
-104.9	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	21	-111.9
42.1	Net Cash flows from operating activities		3.2
-25.3	Net Cash flows from Investing Activities	22	-40.2
-20.0	Net Cash flows from Financing Activities	23	0.0
-3.2	**Net increase or (decrease) in cash and cash equivalents**		**-37.0**

31 March 2021 £ m		Note	31 March 2022 £ m
201.7	Cash and cash equivalents at the beginning of the reporting period	16	198.5
198.5	Cash and cash equivalents at the end of the reporting period	16	161.5
-3.2	**Net increase or (decrease) in cash and cash equivalents**		**-37.0**

Statement of accounting policies

This section summarises the accounting rules and conventions we have used in preparing these financial statements.

General

The content, layout and general rules we used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2021/22 ('the Code') issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with International Financial Reporting Standards (IFRSs).

Accruals of income and expenditure

Activity is accounted for in the year that it takes place. This means that income from the sale of goods or the provision of services is recorded in our accounts when the goods or services are transferred to the recipient in accordance with the performance obligations in the contract. Expenditure is recorded in our accounts when services are received, rather than when we actually make a payment, and supplies are recorded as expenditure when we use them or as inventories on the Balance Sheet until that point. Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract. Where income and expenditure have been recognised but cash has not been received/paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet, subject to a de minimis level for non-system generated accruals of £50,000. We do not expect the effect of this de minimis level to be material to the overall position.

Assets held for sale

Where we have decided to sell an asset and the asset is being actively marketed with a sale expected within 12 months of making that decision, it is categorised as a current asset held for sale. We value these at the lower of carrying amount and fair value less disposal costs. Those assets that we do not expect to sell within 12 months are not classed as assets held for sale and instead are valued at their previous use.

Apprenticeship Levy

The cost of the Levy is recognised as a direct cost of employment in the Comprehensive Income and Expenditure Statement (CIES) when it is paid to Her Majesty's Revenue and Customs (HMRC). When funds are transferred from the Government's Digital Apprenticeship Account to an approved training provider a training expense up to the value of the training provided, with a corresponding entry for a government grant, will be recognised in the CIES against the service benefiting from the training.

Cash and cash equivalents

Cash is money held in current bank accounts and overdrafts that are repayable on demand and are integral to daily cash flow management. Money held in call accounts and short-term funds invested for a term of three months or less are classified as cash equivalents because they are readily available to be converted into cash.

Contingent assets

We identify contingent assets where an event has taken place that gives the authority a probable asset whose existence will only be confirmed by the occurrence or non-occurrence of some uncertain future event not wholly within our control. Our contingent assets disclosure is shown in note 33. These are not included in our Balance Sheet.

Contingent liabilities

We identify contingent liabilities where either:

- A possible obligation has arisen from past events and whose existence will be confirmed by the occurrence or non-occurrence of some uncertain future event not wholly within our control; or
- A present obligation may arise from past event but is not recognised because either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Our contingent liabilities disclosure is shown in note 34. These are not included in our Balance Sheet.

Employee benefits

<u>Benefits payable during employment</u>

The accounts reflect entitlements that have been earned by employees, such as salaries and wages, as a consequence of the service completed by them as at 31 March each year even if we would never normally make payments for them, such as annual leave and time-off in lieu not yet taken. These are accrued for in the cost of services in the CIES.

<u>Termination benefits</u>

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before normal retirement age or an officer's decision to accept voluntary redundancy. Termination benefits are recognised immediately as an expense to the service in the CIES at the earlier of when the authority can no longer withdraw the offer or when we recognise costs of a restructuring.

<u>Post-employment benefits</u>

As part of the terms and conditions of employment we offer retirement benefits. Although these benefits will not actually be payable until the employee retires, we account for post-employment benefits in the CIES at the time that employees earn their future entitlement.

Our employees are members of four different pension schemes, and we participate in one compensation scheme:

- The Local Government Pension Scheme;
- The Teachers' Pension Scheme;
- The Firefighters' Pension Scheme and the Firefighters' Injury Awards Scheme; and
- The National Health Service Pension Scheme.

All four pension schemes provide members with pensions and other benefits related to their pay and length of service. Details of these schemes, our accounting policies in relation to them and their impact on the financial statements are shown in note 37.

Events after the Balance Sheet date

We consider any material events that occur between the date of the Balance Sheet and the date the accounts are authorised for issue by the Strategic Director for Resources.

Exceptional items, prior period adjustments and changes to accounting policies

Exceptional items are material items of income or expenditure that are disclosed separately in the CIES to aid understanding of our financial performance.

Prior period adjustments are made where there are material adjustments applicable to prior years arising from changes in accounting policies or to correct a material error. Where a change to accounting policies is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for earlier years as if the policy had always applied.

Fair value

We value several classes of our assets at fair value. We define this as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In 2021/22 fair value applies to non-operational property, plant and equipment classified as surplus assets, investment properties, assets held for sale and financial instruments.

We use appropriate valuation techniques, maximising the use of relevant known data and thereby minimising the use of estimates or subjective valuations. We assess the level of uncertainty in our valuations by assigning our assets into three categories:

- Level 1 – quoted prices of identical assets or liabilities;
- Level 2 – inputs other than quoted prices that are observable, either directly or indirectly; and
- Level 3 – unobservable inputs.

Further detail is shown in notes 11 and 13.

Financial assets

Financial assets are classified based on our business model for holding them and their cash flow characteristics. There are three main classes:

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income and expenditure (FVOCI) – designated equity instruments.

Financial assets measured at amortised cost are recognised on the Balance Sheet when we become a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. The amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest).

The fair value measurements of FVPL assets are based on the following techniques:

- Instruments with quoted market prices – the market price; and
- Other instruments with fixed and determinable payments – discounted cash flow analysis.

FVPL assets are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. A financial instrument revaluation reserve exists to hold qualifying gains and losses on FVPL assets (note 20). Those that do not qualify impact the general fund and are held in an earmarked volatility reserve (note 7).

Equity instruments designated as FVOCI are those which are not held in order to give rise to contractual cashflows and are not held for trading. They are valued at fair value using the earnings multiple valuation method or at cost if suitable information is not available or appropriate. Movements in fair value are recognised in the CIES in Other Comprehensive Income and Expenditure and reflected in the Financial Instruments Revaluation Reserve. These gains or losses are only realised in the General Fund when the assets are sold. Interest is recognised in the CIES is the amount receivable for the year in the loan agreement.

We recognise expected credit losses on assets held at amortised cost or FVOCI either on a 12-month or lifetime basis as appropriate. Impairment losses are calculated to reflect our expectation that future cash flows might not take place because the debtor defaults on their obligations. Where risk has significantly increased since an instrument was recognised, losses are assessed on a lifetime basis. Where risk has not significantly increased or remains low, losses are assessed on the basis of 12-month expectations. For further details on the impairment of current debtors (allowances for bad debts) see note 15. These are shown in service expenditure in the CIES.

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when we become party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument in the year it was due. For our borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year in the loan agreement.

Trade creditors are due within one year and carrying value is deemed to equate to fair value.

Going concern

Local authorities cannot be created or dissolved without statutory prescription. The provisions of the Code on going concern reflect the economic and statutory environment in which local authorities operate and hence these accounts are prepared on the basis that the functions of the authority will continue in operational existence for the foreseeable future.

Grants

Grants are shown in the accounts in the year that they relate to rather than when we actually receive them. They are only shown in the accounts if we are certain that we will receive them. General grants we receive are shown as Taxation and non-specific grant income in the CIES. Revenue grants we receive to pay for spending on specific service activities are shown as income for the relevant service area when we are confident that any grant conditions have been met. Where revenue grants have conditions outstanding the grant is held as a receipt in advance; if the conditions are met but the grant remains unspent it is held in an earmarked reserve.

Capital grants are credited to the CIES when any relevant conditions governing their use have been met. This income is then reversed out and charged to the Capital Adjustment Account upon use, so the level of council tax is not affected. Unused non-conditional capital grants are held in the Capital Grants Unapplied Reserve. Before the conditions are met, capital grants are held on the Balance Sheet as a receipt in advance.

Group accounts

We have assessed a number of entities, including our wholly owned subsidiaries, in line with the Code and accounting standards. Having due regard to materiality of effects on the financial statements and other qualitative considerations that may affect the understanding by the readers of the accounts, we have not established a requirement to produce group accounts. Further details of all our associated companies, subsidiary company holdings and other related party details are outlined in note 40. In addition, we have accounted for schools' income and expenditure, assets and liabilities in the single entity financial statements rather than produce group accounts, in accordance with the Code.

Heritage assets

Our heritage assets are held for their cultural, environmental or historic associations, making their preservation for future generations important. We value our museum collections and valuables at the Courts, Judges House and Shire Hall at their insurance valuations. The Golden Tower of Leaves and our Waller of Woodcote archive collection of family and estate letters and deeds at County Records are valued at cost. It would not be cost effective to undertake revaluations for all other County Record documents and any valuations would not have a material impact on the accounts. Operational heritage assets used in the provision of services or for other activities are accounted for under other asset classes elsewhere in the Balance Sheet. Heritage assets classified as community or other assets are valued at insurance cost unless our valuer believes conventional methods relevant to their classification are more appropriate. Any gains on reclassification are taken to the Revaluation Reserve. More detailed information on the heritage assets we hold is available on our website https://www.warwickshire.gov.uk.

Income from selling non-current assets

We use the income from selling non-current assets (buildings, vehicles and land) to meet part of the cost of new capital spending or to repay borrowing. We show the gain or loss on the sale of assets in the CIES. This is the difference between the sale proceeds and the carrying value of an asset after allowing for costs relating to the sale of the asset. We take all costs of disposal incurred in a year to the CIES, regardless of whether all the proceeds of the related sale have been received. We use up to 4% of a capital receipt to meet these disposal costs.

The carrying value of the asset (the net book value after depreciation) and the sale proceeds are also reversed in the Movement in Reserves Statement (MIRS) and transferred to the Capital Adjustment Account and Capital Receipts Reserve respectively, so the level of council tax is not affected.

Where we have the right to capital receipts but have not yet received the cash payment, the transactions in the CIES are unaffected. However, instead of recognising the sales proceeds we instead recognise a Deferred Capital Receipt, which cannot be used to pay for our capital expenditure until the cash is received.

Intangible assets

Intangible assets are non-financial non-current assets that do not have physical substance and are controlled by the authority through custody or legal rights (such as software licences). We treat intangible assets in the same way as other non-current assets. We gradually reduce the value of intangible assets on a straight-line basis over their useful life (up to 10 years) to reflect the consumption of the economic or service benefit and charge this to the CIES. Intangible assets are valued at amortised historic cost.

Inventories

Inventories are materials or supplies that will be consumed in producing goods or providing services. The highways, roads and transport services stocks are valued at the cost of replacing them. Other stocks are valued at the cost we paid for them. These methods of valuing stocks are different from the methods set out by the Code. This does not have a material effect on the financial statements.

Investment property

Investment property assets are those held for rental purposes or capital value appreciation or both. They are not used for the delivery of services. Such assets are initially measured at cost. Investment property is not depreciated but is revalued at fair value every year. Gains and losses on revaluation, as well as disposal and/or rental income, are shown in the Financing and investment income and expenditure line in the CIES. Our valuation techniques in relation to investment properties are as outlined in note 26.

Leases

Leases can be designated as either finance leases or operating leases. Finance leases are those where substantially all the risks and rewards relating to the leased asset transfer to the lessee. All other leases are operating leases.

<u>Finance leases</u>

We deal with finance leases where we are the lessee in the same way as other capital spending. We include these as assets in the Balance Sheet and charge depreciation on them. Rentals are apportioned between a charge for the acquisition of the asset (recognised as a liability in the Balance Sheet at the start of the lease and written down annually as rent becomes payable) and a finance charge made each year to the CIES.

We do not have material finance leases where we are the lessor.

<u>Operating leases</u>

The vast majority of our lease rental payments (as lessee) are assessed to be operating leases and are charged evenly to the CIES over the life of the lease.

Where we grant an operating lease over a property or item of plant or equipment, the asset is retained on the Balance Sheet and the rental income is credited to the CIES as it is due.

We do not disclose contingent rents as they are not material to the financial statements.

Minimum Revenue Provision

We are required to make an annual contribution from revenue for the repayment of our debt as approved in our Treasury Management Strategy. This is known as the Minimum Revenue Provision (MRP). We calculate MRP on a weighted average straight-line basis using the average remaining useful life of our asset portfolio over the two asset categories of:

- Land, buildings and infrastructure; and
- Vehicles, plant and equipment.

Overheads and support service costs

All support service costs are held within the directorate within which they are managed. In accordance with the CIPFA Service Reporting Code of Practice 2021/22 support service costs are only apportioned to services on a relevant basis for the purposes of unit costs reporting on services when required for Government statistical comparability.

Pooled budgets

We are the host authority to a number of pooled budget arrangements. These are joint arrangements solely for the purposes of working together with other public sector bodies and which do not create separate entities. We have reported on those arrangements showing the total pooled resources and expenditure including the nature of those arrangements in the notes to the accounts. We have accounted for in our income, expenditure, assets and liabilities in our financial statements, only that where we are the commissioning body. This will include amounts owed to or owed by the other parties in the pooled budget arrangement to the authority where it is the commissioning body.

Property, plant and equipment

Assets that have a physical substance, are held for use in the production or supply of services and that are expected to be used during more than one financial year are classified as property, plant and equipment (PPE). The accounting policies specific to Infrastructure assets are set out separately below.

<u>Recognition</u>

Our spending on buying, creating or improving PPE is classed as capital spending provided that it is probable that the future economic benefits or service associated with the item will flow to us and the cost of the item can be measured reliably. Spending that does not provide a significant benefit in terms of value, asset life, or service performance or which falls below our de minimis level of £6,000 is charged to our revenue account in full in the year it occurs.

<u>Measurement</u>

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Assets are valued on the basis set out by CIPFA and in line with the Statements of Asset Valuation Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors. Our valuation process is led by the Council's Strategic Finance team in collaboration with the Strategic Assets Management team. External valuers are commissioned on a multi-year contract basis.

The closing balances on 31 March 2022 were determined in the following ways:

- Operational land and buildings are included in the Balance Sheet at their current value based on their existing use less an annual charge for depreciation. However, where there is insufficient market valuation evidence, for example schools, assets are included in the Balance Sheet at a depreciated replacement cost;

- Surplus assets are those which we do not use in our day-to-day work and which are not likely to be disposed of in the next twelve months. We include these assets in the Balance Sheet at fair value, based on highest and best use. These assets are revalued every year and so are not subject to depreciation;
- We include infrastructure assets, such as roads and bridges and community assets, vehicles and equipment in the Balance Sheet at the amount they cost when brought into use less an annual charge for depreciation. These assets are valued in this way because there is no meaningful market data available to calculate an existing use value; and
- Assets under construction are held in the Balance Sheet at the cost incurred on their production to date. When the asset is deemed operationally complete the balance is transferred to the appropriate asset class shown above and depreciation begins.

We revalue operational PPE assets held at a value other than depreciated historic cost annually to ensure their carrying amount is not materially different from their current value at year end.

When asset values rise above the amount we paid for them we add the difference to the Revaluation Reserve. When asset values go down, the reduction is charged to any available Revaluation Reserve balance held for that asset, with the remainder being charged to the relevant service line in the CIES. This charge is then reversed out in the MIRS so that there is no impact on council tax.

Impairment

Assets are assessed at each year-end to identify whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. The accounting treatment of impairment losses is the same as that for revaluation losses shown above.

Depreciation

Depreciation is an accounting estimate used to spread the cost of an asset over its useful economic life. We charge depreciation on buildings over our valuer's estimate of their useful economic life (between 5 and 65 years), on roads and bridges over 30 years, and on vehicles and equipment over their own useful lives (between 3 and 20 years for vehicles and between 3 and 30 years for equipment).

The cost of depreciation is calculated by the following methodology:

- Our new assets are depreciated from the start of the financial year after they become operationally complete;
- Depreciation is calculated on a straight-line basis meaning that an asset's value falls equally each year throughout its life. If the gross value or remaining life of the asset changes due to expenditure, impairment or revaluation, the depreciation charge will change in the following year; and
- We generally charge depreciation on buildings as a single asset. However, if we determine that the value of major components within an asset are material with respect to the overall value of that asset, and that the lifetime of these components is significantly shorter than the remaining useful economic life of the asset, the major component is depreciated separately.

We do not charge depreciation on land we own, as it does not have a limited useful life, nor on investment properties or assets held for sale. Similarly, heritage assets are generally assessed to have infinite lives and so are not depreciated.

The estimated useful economic lives of our land and buildings are assessed by our valuers as part of the revaluation of these assets.

Derecognition

Assets are derecognised when they are replaced, sold or no longer owned. The amount of the asset written out is the carrying value (including any revaluations and accumulated depreciation). This leaves no residual value relating to the asset. When derecognition occurs, the carrying value derecognised and the proceeds received are added to the calculation of the gain/loss on disposal. This is charged to the CIES and subsequently reversed out in the MIRS so that there is no impact on the general fund.

Property, plant and equipment – Infrastructure Assets

Infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.
Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year. The authority uses a useful economic life of 30 years for infrastructure assets.

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Provisions

We put amounts of money aside to meet future specific service payments. For future events to be reflected in provisions, they need to meet three tests:

- They must be the result of a past event;
- A reliable estimate can be made; and
- There must be a clear responsibility for the Council to make a future payment because of the past event.

Provisions are charged to the appropriate service line in the CIES when we become aware that it is probable a payment will be required. The provision is based on the best estimate of the likely settlement. When payments are made, they are charged to the provision already set up in the Balance Sheet.

Reserves

We keep reserves to pay for spending on projects we will carry out in future years, to protect us against unexpected events and to manage the financial risk of the uncertainty we face. Reserves include 'earmarked reserves' which are set aside for certain policy purposes and other 'general reserves' which represent resources set aside for purposes such as general events and managing our cash flow. By law, schools are entitled to keep any of their budgets they have not spent. These amounts are shown separately from other reserves.

Reserves are created by appropriating amounts from the Council's General Fund in the MIRS. When expenditure is financed from a reserve, the expenditure itself is charged to the appropriate service line in the CIES. The reserve is then appropriated back via the MIRS so that there is no net charge against council tax. Some reserves hold unspent funding which can only be applied in specific ways, such as the Capital Grants Unapplied and Capital Receipts Reserve.

Other 'unusable reserves' are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits:

- The capital accounting system requires us to maintain a Revaluation Reserve to reflect unrealised gains on non-current assets, and a Capital Adjustment Account to manage timing differences between their usage and financing;
- We maintain a Deferred Capital Receipts Reserve to recognise proceeds from the sale of assets where we have a right to the capital receipts but have not received cash payment;
- We maintain a Financial Instruments Revaluation Reserve to hold qualifying gains and losses on FVPL assets;
- We maintain an Accumulated Absences Reserve to hold the amount we have to accrue for post-employment benefits such as annual leave earned but untaken at the year-end so as not to affect the level of Council Tax;
- We maintain a Collection Fund Adjustment Account which holds the difference between the amounts required to be shown in the CIES for council tax and business rates and that required by legislation to be taken against the General Fund;
- We maintain a Dedicated Schools Grant (DSG) Adjustment Account to hold deficits on DSG as these cannot be offset against General Fund Reserves and must be carried forward and met from future DSG funding in line with current legislation and statutory requirements; and
- We maintain a Pensions Reserve to hold the difference between any increase in the accounting cost of pensions in the year and the statutory figure chargeable in any year, which is the contribution made by the authority.

Revenue expenditure funded from capital under statute

We undertake some capital spending during the year that does not result in the creation of an asset we own. Any money we spend this way must be charged to the CIES but be funded from capital resources, and so, we make an adjustment in the MIRS equal to the expenditure to reverse this to the Capital Adjustment Account.

Schools and schools' assets

The balance of control for local authority maintained schools, foundation, voluntary aided and voluntary controlled schools are all deemed to lie with the local authority. We therefore recognise schools' assets, liabilities, reserves and cash flows in our financial statements as if they were transactions, cash flow and balances of the authority. Any asset provided by a third party and consumed in the provision of an education service with schools or donated to the school will be treated as a donated asset. School assets are derecognised in full on the date that a school transfers to academy status. These are disposals for nil consideration. These losses on disposal/transfer are shown in the Other operating income and expenditure line in the CIES.

VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income. We are subject to Partial Exemption: as long as the VAT we claim on purchases used to generate exempt income is less than 5% of all VAT claimed on purchases in the year, we can claim all our VAT back in full.

Note on Roundings

Individual tables presented within disclosures may not sum due to roundings. This does not reflect any inaccuracy or error.

Notes to the Core Financial Statements

Note 1: Expenditure and Funding Analysis and associated notes

The purpose of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the authority (i.e. grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed and earned by the authority in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund £m	Adjustments Between the Funding and Accounting Basis £m	Net expenditure in the Comprehensive Income and Expenditure Statement £m	Summary of revenue spending	Net Expenditure Chargeable to the General Fund £m	Adjustments Between the Funding and Accounting Basis £m	Net expenditure in the Comprehensive Income and Expenditure Statement £m
			Money spent on services			
208.5	41.1	249.6	~ Communities Directorate	215.0	32.5	247.5
259.2	8.9	268.1	~ People Directorate	272.0	11.3	283.3
69.6	17.0	86.6	~ Resources Directorate	70.0	7.2	77.2
-93.8	1.9	-91.9	~ Schools	-93.1	6.7	-86.5
-181.1	137.3	-43.8	~ Corporate Services and Resourcing	-141.8	37.3	-104.5
0.0	-3.4	-3.4	~ Non-distributed costs	0.0	-2.2	-2.2
262.4	**202.8**	**465.2**	**Net cost of services**	**322.0**	**92.8**	**414.8**
-313.7	-143.6	-457.3	~ Other income and expenditure	-322.2	-174.1	-496.3
-51.3	**59.2**	**7.9**	**Surplus (-) or deficit on the provision of services**	**-0.2**	**-81.3**	**-81.5**
-5.3	**5.3**		DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis	**-2.8**	**2.8**	
-56.6	**64.5**		**Transferred to General Fund Balances**	**-3.0**	**-78.5**	
193.0			Opening General Fund Balances	252.6		
3.0			Opening Balance Adjustment - DSG Adjustment Account	0.0		
56.6			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	3.0		
252.6			**Closing General Fund Balance**	**255.6**		

The General Fund balances above include a significant proportion of earmarked reserves including those held by schools. For more details and information see the MIRS and note 2 to the accounts.

The analysis of the money spent on services used in the Expenditure and Funding Analysis are those reported to the Cabinet as part of quarterly budget monitoring and year end reporting.

Notes to the Expenditure and Funding Analysis

The table below provides a reconciliation of the main adjustments to the net expenditure chargeable to the General Fund Balances to arrive at amounts in the CIES. The relevant transfers between reserves are explained in the MIRS.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2021/22			
	Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Statutory Differences (c) £m	Total Adjustments £m
~ Communities Directorate	22.4	10.3	-0.2	32.5
~ People Directorate	-3.7	12.9	2.1	11.3
~ Resources Directorate	-5.0	11.6	0.6	7.2
~ Schools	-0.4	8.3	-1.2	6.7
~ Corporate Services and Resourcing	-70.9	2.4	105.8	37.3
~ Non-distributed costs	0.0	-2.2	0.0	-2.2
Net cost of services	**-57.6**	**43.3**	**107.1**	**92.8**
~ Other income and expenditure from the Expenditure and Funding Analysis	-67.9	17.0	-123.3	-174.1
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**-125.5**	**60.3**	**-16.2**	**-81.3**
DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis			2.8	2.8
Total for MIRS	**-125.5**	**60.3**	**-13.4**	**-78.5**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2020/21			
	Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Statutory Differences (c) £m	Total Adjustments £m
~ Communities Directorate	36.5	3.4	1.2	41.1
~ People Directorate	1.2	4.5	3.2	8.9
~ Resources Directorate	11.1	3.7	2.2	17.0
~ Schools	-0.3	1.3	0.9	1.9
~ Corporate Services and Resourcing	8.8	0.9	127.6	137.3
~ Non-distributed costs	0.0	-3.4	0.0	-3.4
Net cost of services	**57.3**	**10.4**	**135.1**	**202.8**
~ Other income and expenditure from the Expenditure and Funding Analysis	-40.3	15.9	-119.2	-143.6
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**17.0**	**26.3**	**15.9**	**59.2**
DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis			5.3	5.3
Total for MIRS	**17.0**	**26.3**	**21.2**	**64.5**

a) **Adjustments for capital purposes –** this column adds in depreciation, impairment and revaluation gains and losses as well as revenue expenditure funded by capital under statute and capital grants used to fund that expenditure to the service lines within the CIES. It also includes:

- **Other operating expenditure** – income received on disposal of assets and the amounts written off on those assets are added;

- **Financing and investment income and expenditure –** statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted; and
- **Taxation and non-specific grant income and expenditure** – credits for capital grants receivable in the year without conditions or for which conditions were satisfied in the year are added.

b) **Net change for the Pensions adjustments** – this column adds the net change for the removal of pensions contributions and the addition of employee pension-related expenditure and income.

- **For services –** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement of current service costs and past service costs as a result of employee service; and
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is added as a cost.

c) **Other differences** – this column adds other differences between the amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. These include:

- Taxation and non-specific grant income and expenditure – the difference between what is chargeable under statutory regulations for Council Tax and Business Rates and the income recognised under generally accepted accounting practices. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund. Revenue grants that are receivable without conditions or service-specific stipulation are required to be shown within this line rather than within the Net Cost of Services.
- Transfer of DSG Deficits – the amount by which we are required to transfer the deficit on schools' budgets to an unusable reserve in line with statutory requirements.

Expenditure and Income Analysed by Nature

2020/21 £m	Expenditure/Income	2021/22 £m
	Expenditure:	
359.2	~ Employee expenses	404.4
546.0	~ Other services expenses	576.4
39.9	~ Depreciation and amortisation	41.3
28.7	~ Impairment and revaluation losses (including reductions in fair value of investment property)	1.6
16.6	~ Interest payments	16.0
0.3	~ Precepts and Levies	0.3
24.2	~ Loss on the disposal of assets	20.9
1,014.8	**Total Expenditure**	**1,060.9**
	Income:	
-73.1	~ Fees, charges and other service income from contracts with customers	-91.5
-36.1	~ Other contributions, reimbursements and statutory income	-42.6
0.0	~ Revaluation gains (Restatement of prior PPE revaluation and impairment losses)	-86.8
-4.6	~ Interest and investment income (including increases in fair value of investment property)	-5.5
-310.7	~ Income from council tax	-326.1
-3.4	~ Pensions Gain on settlements and curtailments	-2.2
-579.1	~ Grants & non domestic rates income	-587.7
-1,006.9	**Total Income**	**-1,142.4**
7.9	**Surplus or Deficit on the Provision of Services**	**-81.5**

Total income received can be analysed on a segmental basis as follows:

2020/21 £m	Segmental Income Received	2021/22 £m
-42.0	~ Communities Directorate	-65.4
-90.3	~ People Directorate	-107.0
-15.8	~ Resources Directorate	-32.0
-268.1	~ Schools	-268.3
-520.9	~ Corporate Services and Resourcing	-578.7
-937.0		-1,051.4
-66.4	~ Capital Grants Credited to the CIES (Note 24)	-88.0
-3.4	~ Pension Gain on Settlements and Curtailments	-2.2
0.0	~ Revaluation Gains and profit on sale of investment property credited to the CIES (Notes 11 & 5)	-0.8
-1,006.9	**Total Income Analysed on a segmental basis**	**-1,142.4**

We lease some of our properties on long term contracts with customers, but these are not material. Any amounts outstanding at year end are shown amongst the debtors in note 15 as appropriate.

Note 2: Adjustments between accounting basis and funding basis under regulations

Adjustments between accounting basis and funding basis under regulations 2021/22	General Fund Balance £ m	Capital Fund £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Movement in Unusable Reserves net spending £ m
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):					
~ Charges for depreciation of non-current assets	40.3				-40.3
~ Revaluation gains on property, plant and equipment assets	-86.8				86.8
~ Movements in the market value of investment properties	-0.8				0.8
~ Amortisation of intangible assets	1.0				-1.0
~ Capital grants and contributions applied	-82.5				82.5
~ Revenue expenditure funded from capital under statute	22.1				-22.1
~ Amounts of non-current assets written off on disposal to the CIES	25.6				-25.6
Insertion of items not debited or credited to the CIES					
~ Minimum Revenue Provision	-10.9				10.9
~ Capital expenditure charged to the General Fund Balance	-2.5				2.5
Adjustments primarily involving the Capital Grants Unapplied Account					
~ Application of Capital Grants to the Capital Adjustment Account	-26.1			26.1	0.0
Adjustments primarily involving the Capital Receipts Reserve & the Deferred Capital Receipts Reserve					
~ Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-4.9		4.9		0.0
~ Deferred capital receipts realised in year	0.0		5.0		-5.0
~ Deferred capital receipts credited as part of the gain/loss on disposal to the CIES	0.0				0.0
~ Use of Capital Receipts Reserve to finance new capital expenditure	0.0		-23.8		23.8
~ Contribution from Capital Receipts Reserve to fund administrative costs of non-current asset disposals	0.0	0.3	-0.3		0.0
Adjustments primarily involving the Financial Instruments Revaluation Reserve					
~ Unrealised gains and losses of financial instruments which are shown in the CIES but are not charged/credited to the General Fund Balance in accordance with statutory requirements	-1.9				1.9
Adjustments primarily involving the Pensions Reserve					
~ Grant funding of fire fighters' pension liabilities	-6.3				6.3
~ Reversal of net charges made for retirement benefits in accordance with IAS19	116.7				-116.7
~ Employer's pensions contributions and direct payments to pensioners	-50.3				50.3
Adjustments primarily involving the DSG Adjustment Account					
~ Amount of DSG deficit for the year required to be removed from the CIES in accordance with statutory requirements	2.8				-2.8
Adjustments primarily involving the Collection Fund Adjustment Account					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated in accordance with statutory requirements	-3.8				3.8
~ Amount by which business rates income credited to the CIES is different from business rates income calculated in accordance with statutory requirements	-8.5				8.5
Adjustment primarily involving the Accumulated Absences Account					
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-2.0				2.0
Total adjustments	**-78.8**	**0.3**	**-14.2**	**26.1**	**66.6**

Adjustments between accounting basis and funding basis under regulations 2020/21	General Fund Balance £ m	Capital Fund £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Movement in Unusable Reserves net spending £ m
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):					
~ Charges for depreciation of non-current assets	38.9				-38.9
~ Revaluation losses on property, plant and equipment assets	26.6				-26.6
~ Movements in the market value of investment properties	0.0				0.0
~ Amortisation of intangible assets	1.0				-1.0
~ Capital grants and contributions applied	-83.0				83.0
~ Revenue expenditure funded from capital under statute	20.8				-20.8
~ Amounts of non-current assets written off on disposal to the CIES	47.8				-47.8
Insertion of items not debited or credited to the CIES					
~ Minimum Revenue Provision	-11.4				11.4
~ Capital expenditure charged to the General Fund Balance	-2.0				2.0
Adjustments primarily involving the Capital Grants Unapplied Account					
~ Application of Capital Grants to the Capital Adjustment Account	-0.2			0.2	0.0
Adjustments primarily involving the Capital Receipts Reserve & the Deferred Capital Receipts Reserve					
~ Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-12.6		12.6		0.0
~ Deferred capital receipts realised in year			11.3		-11.3
~ Deferred capital receipts credited as part of the gain/loss on disposal to the CIES	-9.1				9.1
~ Use of Capital Receipts Reserve to finance new capital expenditure	0.0		-15.1		15.1
~ Contribution from Capital Receipts Reserve to fund administrative costs of non-current asset disposals	0.0	0.1	-0.1		0.0
Adjustments primarily involving the Financial Instruments Revaluation Reserve					
~ Unrealised gains and losses of financial instruments which are shown in the CIES but are not charged/credited to the General Fund Balance in accordance with statutory requirements	0.1				-0.1
Adjustments primarily involving the Pensions Reserve					
~ Grant funding of fire fighters' pension liabilities	-3.7				3.7
~ Reversal of net charges made for retirement benefits in accordance with IAS19	76.3				-76.3
~ Employer's pensions contributions and direct payments to pensioners	-46.3				46.3
Adjustments primarily involving the DSG Adjustment Account					
~ Amount of DSG deficit for the year required to be removed from the CIES in accordance with statutory requirements	5.3				-5.3
Adjustments primarily involving the Collection Fund Adjustment Account					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated in accordance with statutory requirements	3.1				-3.1
~ Amount by which business rates income credited to the CIES is different from business rates income calculated in accordance with statutory requirements	7.8				-7.8
Adjustment primarily involving the Accumulated Absences Account					
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	5.0				-5.0
Total adjustments	**64.4**	**0.1**	**8.8**	**0.2**	**-73.5**

Note 3: Significant items of income and expenditure and restatements of prior year figures

There have been no significant changes in the organisation's structure from 2020/21 to 2021/22. As any changes would not have had a material effect on the income and expenditure statement, we have not restated comparatives.

During 2021/22 we received £42.4m Covid funding to support our Covid response and recovery including government grants and NHS discharge claims. The cost of effectively managing the immediate response to the Pandemic and mitigating the long-term impact of Covid on our communities was £47.5m. The in-year funding shortfall has been funded from earmarked reserves that were set aside in 2020/21 for this purpose. At the end of the year the Council had £19.3m Covid -19 funding remaining in it is earmarked reserves to continue to support the work relating to ongoing Covid activity in 2022/23 and beyond.

In 2021/22 there was an increase in the carrying amount of our property, plant and equipment of £190.2 million. £86.8 million of this reverses revaluation decreases or impairment losses that had been charged to the surplus or deficit on the provision of services in previous years. The revaluation gain is shown in our gross income, by service in the CIES.

Note 4: Other operating expenditure

2020/21 £ m	Other operating expenditure	2021/22 £ m
0.3	Environment Agency Levy	0.3
24.2	Losses on disposal/transfer of non-current assets	20.9
24.4		**21.2**

The loss on the disposal/transfer of non-current assets in 2021/22 primarily relates to the transfer of schools to academy status.

Note 5: Financing and investment income and expenditure

2020/21 £ m	Financing and investment income and expenditure	2021/22 £ m
16.6	Interest payable and similar charges	16.0
18.7	Net interest on the net defined benefit liability	21.6
-2.5	Interest receivable and similar income	-1.8
-1.4	Unrealised gains or losses on financial assets held at fair value through profit and loss transferred to usable reserves	1.6
0.1	Unrealised gains or losses on financial assets held at fair value through profit and loss transferred to unusable reserves	-1.8
-9.6	Trading account income	-15.1
12.0	Trading account expenditure	17.4
2.0	Income and expenditure on investment properties and changes in their fair value	-0.8
0.3	Other investment expenditure	0.3
-0.7	Other investment income	-1.1
35.5		**36.3**

Note 6: Taxation and non-specific grant income and expenditure

2020/21 £ m	Taxation and non specific grant income and expenditure	2021/22 £ m
-310.7	Council tax income	-326.1
	Business rates income and expenditure	
-40.5	~ Business rates top up	-41.0
-18.3	~ Retained business rates	-26.6
3.7	Business rates pool growth (WCC share)	0.7
-2.6	Business rates pool surplus	-1.9
	Other non-ringfenced Government grants	
-3.7	~ Fire Pensions Fund Grant	-6.3
-78.7	~ Revenue grants	-64.7
-66.4	~ Capital grants and contributions	-88.0
-517.2		**-553.9**

Note 7: Transfers to/from earmarked reserves

Movement in earmarked reserves	Balance at 31 March 2020	Transfer to DSG Unusable Reserve 1 April 2020	Transfers		Balance at 31 March 2021	Transfers		Balance at 31 March 2022
			Out	In		Out	In	
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Schools Balances	14.2		0.0	7.1	21.3	0.0	1.7	23.0
DSG Reserve	-3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0
External Commitments Reserves	11.8		-4.1	3.0	10.7	-1.4	5.0	14.3
Redundancy Fund	8.4		-1.4	0.0	7.0	-1.2	0.0	5.8
Insurance Fund	9.1		-0.5	0.0	8.6	-0.6	0.0	8.0
DSG Offset Fund	12.3		0.0	0.0	12.3	0.0	1.4	13.7
Investment Funds	36.9		0.0	3.6	40.5	-16.2	7.2	31.5
Projects and Policies Reserves	10.6		0.0	0.0	10.6	-4.8	2.3	8.1
Volatility Reserves	21.4		-0.8	13.6	34.2	-8.3	14.7	40.6
Management of Directorate Reserves	22.5		-3.7	0.0	18.8	-6.4	3.3	15.6
Covid Grants Reserves	14.1		0.0	10.4	24.5	-19.0	13.8	19.3
Medium Term Financial Strategy	11.8		-16.5	46.7	42.0	0.0	6.6	48.6
Total	**170.1**	**3.0**	**-27.1**	**84.4**	**230.5**	**-57.9**	**56.0**	**228.6**

Earmarked Reserves are the money that we set aside to meet future known budget commitments or so we have the resources to respond to unforeseen events. A full list of reserves can be found in the 2021/22 Financial Outturn Report, available at https://www.warwickshire.gov.uk.

The categories of Earmarked Reserves we held are:

- School balances: accumulated underspends of schools held under a scheme of delegation;
- DSG Reserve: Deficits on DSG (not managed under a scheme of delegation) must now be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. At 1 April 2020 we were required to transfer from General Fund earmarked reserves the deficit brought forward. This is shown above and in note 20;
- External Commitments Reserves: unused funding received from third parties with conditions on its use is carried forward until the conditions are met;
- Redundancy Fund: resources set aside to meet the costs of redundancies that arise as a result of changes to our services and the way they are delivered;

- Insurance Fund: resources set aside to meet the costs of self-insurance and any excesses on our insurance policies;
- DSG Offset Fund: we are holding £13.7 million in a DSG Offset Fund. This is part of our medium-term financial strategy to ensure sufficient funds are available to meet a future deficit when either we have approval to fund deficits from general reserves or the current regulations change;
- Investment Funds: funding to deliver a future programme of activity to deliver the outcomes and priorities in the Council Plan;
- Projects and Policies Reserves: funding to deliver projects and policies approved by the Council that extend over more than one financial year;
- Volatility Reserves: a number of the Council's activities and costs are volatile over time. Rather than managing this volatility on an annual basis the volatility reserves are used to smooth the financial impact across financial years;
- Management of Directorate Risk Reserves: as part of our Reserves Strategy up to a maximum of 3% of a directorate's net revenue budget (2% for Resources directorate) is held to manage in-year variations between planned and actual spend;
- Covid Grants Reserves: funding received from Government to support the covid response and recovery that had not been used by the end of the financial year; and
- Medium Term Financial Strategy (MTFS): funding available to support the delivery of the Council's MTFS. Of the £48.6 million in this reserve at 31 March 2022, £41.1 million is planned to be used as part of the resourcing delivery of our 2022-27 MTFS.

Note 8: Property, plant and equipment

Property, plant and equipment	**Land and buildings £ m**	**Surplus assets £ m**	**Vehicles, machinery, furniture and equipment £ m**	**Roads and bridges* £ m**	**Country parks and open spaces £ m**	**Assets under construction £ m**	**Total £ m**
Gross book value at 1 April 2021	572.8	5.1	58.3		2.2	56.9	695.3
Depreciation balance at 1 April 2021	0.0	0.0	-47.4		0.0	0.0	-47.4
Net book value (modified historical cost)*	0.0	0.0	0.0	474.9	0.0	0.0	474.9
Net book value at 1 April 2021	**572.8**	**5.1**	**10.9**	**474.9**	**2.2**	**56.9**	**1,122.8**
Changes in the year							
~ spending on assets	16.3	0.0	4.6	24.4	0.2	41.0	86.5
~ transfer of assets under construction to operational assets on project completion	3.5	0.0	0.0	15.2	0.0	-18.7	0.0
~ value of assets we have sold/transferred	-25.1	-1.0	-3.3	0.0	0.0	0.0	-29.4
~ changes in the value of assets: revaluation	51.9	-0.2	0.0	0.0	1.0	0.0	52.7
~ reversal of prior year impairments and revaluation losses	126.4	0.7	0.0	0.0	1.9	0.0	129.0
Depreciation							
~ depreciation written off on revaluation	8.1	0.0	0.0	0.0	0.0	0.0	8.1
~ depreciation written off on disposal	0.5	0.0	3.2	0.0	0.0	0.0	3.7
~ depreciation	-13.8	0.0	-2.3	-24.1	0.0	0.0	-40.2
Net book value at 31 March 2022	**740.6**	**4.6**	**13.1**	**490.4**	**5.3**	**79.2**	**1,333.2**
Gross book value at 31 March 2022	745.8	4.6	59.6		5.3	79.2	894.5
Depreciation balance at 31 March 2022	-5.2	0.0	-46.5		0.0	0.0	-51.7
Net book value (modified historical cost)*	0.0	0.0	0.0	490.4	0.0	0.0	490.4
Net book value at 31 March 2022	**740.6**	**4.6**	**13.1**	**490.4**	**5.3**	**79.2**	**1,333.2**

* In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets (Roads and Bridges) this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclosure this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Property, plant and equipment	**Land and buildings £ m**	**Surplus assets £ m**	**Vehicles, machinery, furniture and equipment £ m**	**Roads and bridges £ m**	**Country parks and open spaces £ m**	**Assets under construction £ m**	**Total £ m**
Gross book value at 1 April 2020	605.3	1.4	56.1		2.5	62.8	728.1
Depreciation balance at 1 April 2020	0.0	0.0	-45.9		0.0	0.0	-45.9
Net book value (modified historical cost)*	0.0	0.0	0.0	448.7	0.0	0.0	448.7
Net book value at 1 April 2020	**605.3**	**1.4**	**10.2**	**448.7**	**2.5**	**62.8**	**1,130.9**
Changes in the year							
~ reclassifications	-2.2	2.2	0.0	0.0	0.0	0.0	0.0
~ spending on assets	14.9	0.0	3.0	34.7	0.1	26.2	78.9
~ transfer of assets under construction to operational assets on project completion	18.1	0.0	0.0	13.9	0.0	-32.0	0.0
~ value of assets we have sold/transferred	-29.6	0.0	-0.8	0.0	0.0	-0.1	-30.5
~ changes in the value of assets: revaluation	-37.9	0.4	0.0	0.0	-0.6	0.0	-38.1
~ reversal of prior year impairments and revaluation losses	4.1	1.1	0.0	0.0	0.2	0.0	5.4
Depreciation							
~ depreciation written off on revaluation	13.6	0.0	0.0	0.0	0.1	0.0	13.7
~ depreciation written off on disposal	0.6	0.0	0.8	0.0	0.0	0.0	1.4
~ depreciation	-14.1	0.0	-2.3	-22.4	-0.1	0.0	-38.9
Net book value at 31 March 2021	**572.8**	**5.1**	**10.9**	**474.9**	**2.2**	**56.9**	**1,122.8**
Gross book value at 31 March 2021	572.8	5.1	58.3		2.2	56.9	695.3
Depreciation balance at 31 March 2021	0.0	0.0	-47.4		0.0	0.0	-47.4
Net book value (modified historical cost)*	0.0	0.0	0.0	474.9	0.0	0.0	474.9
Net book value at 31 March 2021	**572.8**	**5.1**	**10.9**	**474.9**	**2.2**	**56.9**	**1,122.8**

Our land and building assets include schools, fire stations, libraries, waste disposal sites and other buildings. Assets we have disposed of mainly relate to 8 schools that have transferred to Academy status during the year.

Depreciation

We charge depreciation on buildings over our valuer's estimate of their useful economic life (between 5 and 65 years), on roads and bridges over 30 years, and on vehicles and equipment over their own useful lives (between 3 and 20 years for vehicles and between 3 and 30 years for equipment).

Capital commitments

At 31 March 2022, the authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2021/22 and future years. The total of those payments we were still due to make on capital schemes that were not yet finished, or which we had not finished paying for, is £21.6 million. Similar commitments at 31 March 2021 were £11.9 million.

The three largest outstanding commitments are as follows:

1. Highways maintenance contract - £10.5 million;
2. BDUK Broadband contract no 3 - £8.7 million; and
3. New Special Educational Needs and Disabilities school - £1.3 million.

Effects of changes in estimates

There have been no material changes to our accounting estimates for property, plant and equipment in 2021/22.

Revaluations

We carry out a programme of revaluations that ensures all property, plant and equipment required to be measured at fair value for the asset type is revalued annually. The table below shows the date at which our property, plant and equipment assets were last valued.

Revaluations	Land and buildings £ m	Surplus Assets £ m	Vehicles, machinery, furniture and equipment £ m	Roads and bridges £ m	Country parks and open spaces £ m	Assets under construction £ m	Total £ m
Carried at Historical Cost	**59.3**	**0.0**	**13.1**	**490.4**	**5.3**	**79.2**	**647.3**
Valued at current value as at:							
31st March 2022	681.3	4.6	0.0	0.0	0.0	0.0	685.9
Total cost or valuation	**740.6**	**4.6**	**13.1**	**490.4**	**5.3**	**79.2**	**1,333.2**

All our assets carried at current value were valued in 2021/22. Valuation of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

All our Surplus Assets fall within the Level 2 - Fair value category, valued using observable inputs. There has been no change in categorisation during the year.

Note 9: School property, plant and equipment

The value of our school property, plant and equipment is £524.9 million (2020/21 - £399.5 million). The table below shows a breakdown across the various types of school.

School property, plant and equipment At 31 March 2022	Land £ m	Buildings £ m	Other Assets £ m	Total £ m	Number of Schools
Community Schools	123.5	178.3	1.8	303.6	68
Voluntary Aided Schools	39.7	48.1	0.0	87.8	25
Voluntary Controlled Schools	38.1	60.0	0.0	98.1	31
Foundation Schools	9.1	26.3	0.0	35.4	6
Net book value at 31 March 2022	**210.4**	**312.7**	**1.8**	**524.9**	**130**

School property, plant and equipment At 31 March 2021	Land £ m	Buildings £ m	Other Assets £ m	Total £ m	Number of Schools
Community Schools	124.0	97.8	1.6	223.4	70
Voluntary Aided Schools	39.9	20.6	0.0	60.5	26
Voluntary Controlled Schools	59.5	30.5	0.0	90.0	36
Foundation Schools	9.6	16.0	0.0	25.6	6
Net book value at 31 March 2021	**233.0**	**164.9**	**1.6**	**399.5**	**138**

The number of schools has reduced by 8 which chose to take up academy status in 2021/22. Whilst we recognise the assets of voluntary aided, voluntary controlled and foundation schools in our accounts we do not have the right to access or dispose of these assets to settle any liabilities. We have no donated school assets.

Note 10: Heritage assets

The net book value of the heritage assets we hold is £5.0 million (£4.6 million in 2020/21). There have been no material acquisitions during 2021/22 and there have not been any significant disposals of heritage assets. More detailed information about the specific heritage assets we hold is on our website https://www.warwickshire.gov.uk.

Note 11: Investment properties

We classify a number of properties as investment properties, most of which are leased out to third parties under operating leases.

The following items of income and expense have been accounted for in the Financing and investment income and expenditure line in the CIES:

31 March 2021 £ m	Investment properties	31 March 2022 £ m
0.1	Direct net operating expense arising from investment property	0.0
0.1	**Net gain(-) /loss**	**0.0**

The table below summarises the movement in the fair value of investment properties over the year.

31 March 2021 £ m	Investment properties	31 March 2022 £ m
23.6	Balance at the start of the year	4.9
-18.7	Disposals	0.0
0.0	Net gains from fair value adjustments	0.8
4.9	**Balance at the end of the year**	**5.7**

The table below shows the fair value of these assets.

Investment Properties - Fair value	Quoted Market Price - Level 1 £ m	Using Observable Inputs - Level 2 £ m	Unobservable Inputs - Level 3 £ m	Total £ m
31st March 2022	0.0	5.7	0.0	5.7
31st March 2021	0.0	4.9	0.0	4.9

There have no changes in the year between levels.

Note 12: Intangible Assets

We account for our software as intangible assets, to the extent that the software is not an integral part of a particular IT system accounted for as a hardware item of property, plant and equipment. Our intangible assets include both purchased licences and internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £1.1 million (£1.0 million in 2020/21) was charged to revenue in 2021/22.

The movement on intangible asset balances during the year is as follows:

2020/21 £ m	Intangible assets	2021/22 £ m
7.6	Gross book Value at 1 April	7.8
-4.6	Amortisation balance at 1 April	-5.6
3.0	**Net book value at 1 April**	**2.2**
	Changes in the year	
0.2	~ Spending on assets	0.0
-0.1	~ Value of assets we have sold	0.0
	Amortisation	
0.1	~ Amortisation written off on disposal	0.0
-1.0	~ Amortisation	-1.1
2.2	**Net book value at 31 March**	**1.1**
7.8	Gross book Value at 31 March	7.8
-5.6	Amortisation balance at 31 March	-6.7
2.2	**Net book value at 31 March**	**1.1**

All software is valued at historic cost. We own a number of software licences across the authority which are written off to revenue over their expected useful lives.

Note 13: Financial instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

Financial Assets	31 March 2021			31 March 2022		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Investments:						
~ Fair Value through Profit and Loss	33.5	10.2	43.7	31.9	12.0	43.9
~ Loans and Receivables/Amortised Cost	178.2	0.0	178.2	280.3	0.0	280.3
~ Fair value through other comprehensive	0.0	2.1	2.1	0.0	2.2	2.2
Total investments	**211.7**	**12.3**	**224.0**	**312.2**	**14.2**	**326.4**
Debtors - at amortised cost						
~ Amortised cost	0.2	3.1	3.3	0.4	3.3	3.7
~ Financial assets carried at contract amounts	83.9	0.0	83.9	84.5	0.0	84.5
Total Debtors	**84.1**	**3.1**	**87.2**	**84.9**	**3.3**	**88.2**
Cash:						
~ Cash and cash equivalents	198.5	0.0	198.5	161.5	0.0	161.5
Total Cash	**198.5**	**0.0**	**198.5**	**161.5**	**0.0**	**161.5**
Total Financial assets	**494.3**	**15.4**	**509.7**	**558.6**	**17.5**	**576.1**

Financial Liabilities	31 March 2021			31 March 2022		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Borrowings:						
~ Financial liabilities at amortised cost	0.0	321.4	321.4	0.0	321.4	321.4
Total Borrowings	**0.0**	**321.4**	**321.4**	**0.0**	**321.4**	**321.4**
Creditors - amortised cost						
~ Financial liabilities at contractual amounts	77.4	0.0	77.4	89.8	0.0	89.8
Total Creditors	**77.4**	**0.0**	**77.4**	**89.8**	**0.0**	**89.8**
Total Financial Liabilities	**77.4**	**321.4**	**398.8**	**89.8**	**321.4**	**411.2**

Reconciliation to Balance Sheet carrying amounts	2020/21 £m	2021/22 £m
Debtors that are financial instruments	84.1	84.9
Debtors that are not financial instruments	21.5	29.0
Total Debtors	**105.6**	**113.9**
Creditors that are financial instruments	77.4	89.8
Creditors that are not financial instruments	71.6	69.5
Total Creditors	**149.0**	**159.3**

The valuation of financial instruments has been classified into the three levels of fair value hierarchy required in the Code according to the quality and reliability of the information and techniques used to value them at fair value.

The fair values of financial liabilities and financial assets carried in the balance sheet at contractual amounts have been assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments. (Level 1 in the fair value hierarchy).

The difference between the long-term borrowing nominal amounts carried in the Balance Sheet and their fair value is based on a calculation that uses new loan rates to estimate what it would cost to borrow a similar portfolio of loans at the Balance Sheet date. These loans are with the Public Works Loan Board with interest rates fixed on the date of the initial lending. For more details see note 14.

We use an external expert to provide the fair values for our borrowings, which along with our other financial assets held in the amortised cost and fair value through profit and loss categories, are Level 2 in the fair value hierarchy.

Equity instruments assets are valued internally using the earnings multiple valuation method based on the latest available accounts for the companies in which we hold shares. Details are shown in note 40. Where that data is not available, they are valued at cost. (Level 3 in the fair value hierarchy).

Investments held at amortised cost of £280.3 million (£178.2 million in 2020/21) consist of bank, building society and local authority investments which are held solely for payment of principal and interest and a business model to collect contractual cash flows. The carrying amount and fair value consist of the principal amount and accrued interest to 31 March.

Assets held at fair value through profit and loss of £43.9 million (£43.7 million in 2020/21) are made up of two funds: Threadneedle Social Bond Fund and CCLA Property Fund. At 31 March 2020 the CCLA Property Fund was gated (meaning no investors could withdraw from the fund) by the Fund manager, as a result of the Covid-19 pandemic and its effects on the accurate valuation of the property portfolios it held. This meant we were unable to request for these funds to be cashed in and we re-categorised the CCLA as a long-term investment. Whilst the fund is no longer gated the cost of requesting the funds in the short-term means that we have determined that this investment should remain as a long-term investment. The carrying amount and fair value are based on unit prices provided through fund manager statements.

In assessing fair value, we have made the following assumptions:

- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; and
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

There have been no transfers between input levels in 2021/22 and no changes in the valuation techniques for financial instruments during the year.

The fair value hierarchy of assets and liabilities is shown in the table on the following page.

Financial Instruments - Fair value 31 March 2022	Valued at Cost £ m	Quoted Market Price - Level 1 £ m	Using Observable Inputs - Level 2 £ m	Unobservable Inputs - Level 3 £ m	Total £ m
Financial Assets:-					
- Amortised Cost	280.3	0.0	0.0	0.0	280.3
- Fair Value through Profit and Loss	0.0	43.9	0.0	0.0	43.9
- Fair value through other comprehensive income - designated equity instruments	0.0	0.0	0.0	2.2	2.2
Debtors					
- Amortised Cost	0.0	0.0	3.7	0.0	3.7
- Financial assets carried at contractual amounts (deemed to be fair value)	84.5	0.0	0.0	0.0	84.5
Cash:-					
- Cash and Cash Equivalents - deemed to be fair value	161.5	0.0	0.0	0.0	161.5
Total Financial Assets	**526.3**	**43.9**	**3.7**	**2.2**	**576.1**
Financial Liabilities:-					
Borrowings:-					
- Financial liabilities carried at amortised cost	0.0	0.0	477.0	0.0	477.0
Creditors:-					
- Financial liabilities carried at contractual amounts (deemed to be fair value)	89.8	0.0	0.0	0.0	89.8
Total Financial Liabilities	**89.8**	**0.0**	**477.0**	**0.0**	**566.8**

Financial Instruments - Fair value 31 March 2021	Valued at Cost £ m	Quoted Market Price - Level 1 £ m	Using Observable Inputs - Level 2 £ m	Unobservable Inputs - Level 3 £ m	Total £ m
Financial Assets:-					
- Amortised Cost	178.2	0.0	0.0	0.0	178.2
- Fair Value through Profit and Loss	0.0	43.7	0.0	0.0	43.7
- Fair value through other comprehensive income - designated equity instruments	0.0	0.0	0.0	2.1	2.1
Debtors:-					
- Amortised cost	0.0	0.0	3.3	0.0	3.3
- Financial assets carried at contractual amounts (deemed to be fair value)	83.9	0.0	0.0	0.0	83.9
Cash:-					
- Cash and cash equivalents (deemed to be fair value)	198.5	0.0	0.0	0.0	198.5
Total Financial Assets	**460.6**	**43.7**	**3.3**	**2.1**	**509.7**
Financial Liabilities:-					
Borrowings:-					
- Financial liabilities carried at amortised cost	0.0	0.0	520.6	0.0	520.6
Creditors:-					
- Financial liabilities carried at contractual amounts (deemed to be fair value)	77.4	0.0	0.0	0.0	77.4
Total Financial Liabilities	**77.4**	**0.0**	**520.6**	**0.0**	**598.0**

Interest paid and investment income received	(Surplus)/Deficit on the Provision of Services		Other Comprehensive Income and Expenditure	
	2020/21 £m	2021/22 £m	2020/21 £m	2021/22 £m
Net gains and Losses				
~ Financial assets measured at fair value through profit and loss	-1.3	-0.1	0.0	0.0
~ Investment in equity instrument designated at fair value through other comprehensive income	-0.7	0.0	-0.1	0.0
Total net gains	**-2.0**	**-0.1**	**-0.1**	**0.0**
Interest Revenue				
~ Financial assets measured at amortised cost	-2.5	-1.8	0.0	0.0
Total Interest Revenue	**-2.5**	**-1.8**	**0.0**	**0.0**
Interest Expense				
~ Financial liabilities measured at amortised cost	16.6	16.0	0.0	0.0
Total Interest Expense	**16.6**	**16.0**	**0.0**	**0.0**

Financial Assets	31 March 2021		31 March 2022	
	Carrying Amount £ m	Fair Value £ m	Carrying Amount £ m	Fair Value £ m
Financial assets held at amortised cost	178.2	178.2	280.3	280.3
Financial assets at fair value through profit and loss	43.7	43.7	43.9	43.9
Cash and cash equivalents	198.5	198.5	161.5	161.5
Fair value through other comprehensive income - designated equity instruments	2.1	2.1	2.2	2.2
Debtors carried at amortised cost	0.2	0.2	0.4	0.4
Debtors carried at contractual amounts	83.9	83.9	84.5	84.5
Long term debtors - amortised cost	3.1	3.1	3.3	3.3
Total	**509.7**	**509.7**	**576.1**	**576.1**

Financial Liabilities	31 March 2021		31 March 2022	
	Carrying Amount £ m	Fair Value £ m	Carrying Amount £ m	Fair Value £ m
Financial liabilities held at amortised cost	321.4	520.6	321.4	477.0
Financial liabilities at contractual amounts	77.4	77.4	89.8	89.8
Total	**398.8**	**598.0**	**411.2**	**566.8**

Note 14: Nature and extent of risk arising from financial instruments

Our activities expose us to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to us;
- Liquidity risk – the possibility that we might not have funds available to meet our commitments to make payments; and
- Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements.

Our overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Financial risk management is carried out by a central treasury management team, under policies approved by the Council annually in the Treasury Management Strategy, available via https://www.warwickshire.gov.uk. We have written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to our customers. Our Accounting Policies note describes our overall approach to evaluating impairments to be reflected in the carrying value of our financial assets.

Many of the invoices we raise are the result of statutory obligations. However, where we are providing non statutory goods or services to customers, we consider their ability to pay. A number of checks are available to managers as outlined in our Corporate Debt Recovery Policy. Our current debtors, including trade debtors, are assessed at each year end for impairment. This is assessed using aged debt analysis and past experience of bad debt profiles. The change in the bad debt provision during the year and any amounts found to be irrecoverable are charged against services in the Net Cost of Services in the CIES. The amount of our bad debt provision is shown in note 15.

We have assessed our potential maximum exposure to credit risk, based on experience of default and collectability over the last five financial years. This has been adjusted to reflect current market conditions. However, there is no effect as there is no instance of institutions that meet our credit ratings defaulting in the last five years. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score as laid out in the Treasury Management Strategy.

Liquidity risk
As we have ready access to borrowings from the Public Works Loan Board, there is no significant risk that we will be unable to raise finance to meet our future commitments under financial instruments. Instead the risk is that we will be bound to replenish a significant proportion of our borrowings at a time of unfavourable interest rates. To mitigate this, our strategy is to ensure that when taking out new borrowing we spread maturity dates to match future cash flows.

The maturity analysis of financial liabilities is as follows:

2020/21 £ m	Loans we have not yet repaid	2021/22 £ m
	We owe money to:	
321.4	~ Public Works Loans Board	321.4
321.4	**Total**	**321.4**
	When we will pay the money back:	
18.0	Between 5 and 10 years	18.0
303.4	More than 10 years	303.4
321.4	**Total**	**321.4**

Our level of borrowing is due to paying for capital spending in previous years. We have not borrowed any money from external sources in 2021/22 to pay for new capital spending.

We use cash reserves which we have set aside to support future years' revenue budgets to invest in the short term.

All trade and other payables are due to be paid in less than one year.

Market risk
Interest Rate Risk
We are exposed to significant risk in terms of our exposure to interest rate movements on our borrowings and investments. Movements in interest rates have a complex impact. For instance, a rise in interest rates would have the following effects:
- Borrowings at variable rates – the interest expense charged to the CIES will rise;
- Borrowings at fixed rates – the fair value of the borrowings will fall;
- Investments at variable rates – the interest income credited to the CIES will rise; and
- Investments at fixed rates – the fair value of the assets will fall.

As part of our strategy for managing interest rate risk we aim to keep a maximum of 25% of our borrowing in variable rate loans.

We have an active strategy for assessing interest rates exposure that forecasts any adverse changes on a quarterly basis and assesses the impact to be incorporated into the medium-term financial strategy. According to this assessment strategy, at 31 March 2022, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

- No change in the fair value of fixed rate investment assets; and
- A decrease in fair value of fixed borrowing of £75.1 million (£86.0 million in 2020/21).

Changes in interest payable and receivable on variable rate borrowings and investments will be posted to the CIES and affect the General Fund. Movements in the fair value of fixed rate investments will be reflected in the CIES.

Price risk

We have some shareholdings in specific interests, and we are not in a position to diversify our portfolio. The current value of the shareholding is £2.2 million. For these equity instrument holdings, we have irrevocably elected to recognise any movements in price as gains and losses recognised in Other Comprehensive Income in the CIES. In 2021/22 this amounted to no gain or loss. Any gain or loss will not be credited or charged to the General Fund until such times as shareholdings are either impaired, sold or derecognised. We also have some investments held as Fair Value through Profit and Loss. All profits and losses on sales and impairments as well as in-year valuation movements on these assets are recognised immediately in the CIES. We have not disposed of any of these holdings this year. At 31 March 2022 we recognised a total net gain of £0.1 million in the CIES. One of these investments has been classified as a pooled investment vehicle which allows us to apply a statutory override which means that any changes in fair value do not hit the General Fund but are reversed in the MIRS and placed in the unusable Financial Instruments Revaluation Reserve until the investment is either sold or de-recognised. The other is not classed as a pooled investment vehicle, so the statutory override does not apply and changes in fair value are reflected in the General Fund in the year.

Treasury management

We comply with CIPFA’s Treasury Management in Public Services Code of Practice and the Ministry for Housing, Communities and Local Government guidance on local government investments issued in March 2004. An updated version of the latter was released in February 2018 to apply to accounting periods from 1 April 2018 onwards.

We aim to achieve the optimum return on our investments commensurate with proper levels of security and liquidity. The borrowing of monies purely to invest and make a return is unlawful and we do not engage in such activity. Our external fund managers comply with the Annual Investment Strategy, approved by Elected Members on an annual basis. The agreement between us and the fund managers additionally stipulates additional guidelines and limits in order to manage risk.

Note 15: Debtors

31 March 2021 £ m	Short-term debtors	31 March 2022 £ m
18.9	Trade Receivables	26.6
3.9	VAT	4.6
31.6	Other Public Sector Debtors	25.2
17.9	Council Tax and Non Domestic Rates - Taxpayers	19.7
0.0	Council Tax and Non Domestic Rates - Local authorities	3.9
-4.3	Council Tax and Non Domestic Rates - Bad Debts	-4.3
4.0	Prepayments to External Organisations and Individuals	5.0
17.4	Social Care Debtors	21.4
9.1	Capital debtors from External Organisations and Individuals	8.8
10.7	Other debtors	7.5
-3.6	Bad Debts	-4.5
105.6	**Balance at the end of the year**	**113.9**

Note 16: Cash and cash equivalents

31 March 2021 £ m	Cash and cash equivalents	31 March 2022 £ m
24.8	Cash held by the authority (including schools and imprest accounts)	27.0
153.7	Bank current accounts (call accounts and instant access deposit accounts)	134.5
20.0	Short-term deposits with building societies and other institutions less than 3 months maturity	0.0
198.5	**Balance at the end of the year**	**161.5**

Note 17: Creditors

31 March 2021 £ m	Short-term Creditors	31 March 2022 £ m
10.0	Trade Payables	14.1
5.3	Social Security Costs	6.8
7.5	Other Public Sector accruals	10.5
4.2	Council Tax and Non Domestic Rates - Taxpayers	4.0
17.1	Council Tax and Non Domestic Rates - Local authorities	10.7
11.6	Accumulated Absences	9.6
45.0	Receipts in Advance	45.3
11.7	Other accruals in relation to capital contracts	13.1
36.6	Other accruals to External Organisations and Individuals	45.3
149.0	**Balance at the end of the year**	**159.4**

Note 18: Provisions

Our provisions total £7.5 million (£7.8 million 2020/21).

Our former liability insurers, Municipal Mutual Insurance (MMI) went into run-off (ceased to write new business) on 30 September 1992, following which a contingent Scheme of Arrangement became effective on January 1994 to ensure a smooth run-off should MMI subsequently be declared insolvent. In the event of the Scheme being triggered, claims paid by MMI after 30 September 1992 will be liable to claw back at a percentage to be determined by the administrators, with subsequent claims to be paid in part at the same percentage. A Supreme Court judgement relating to establishment of liability arising from mesothelioma claims under employers' liability policies has resulted in the increased possibility of the Scheme being triggered. We have set aside £2.0 million to cover the claw back and the outstanding claims.

We have to account for our share of non-domestic rating appeals that are still to be resolved by the Valuation Office Agency for the District and Borough Councils in Warwickshire. We cannot predict when these appeals may be raised or settled, so we have assumed that these settlements will be made within 1 year for the purposes of these accounts. The amount we have provided is £4.3 million.

We have reassessed the balance of liabilities between the County Council and the Firefighters' Pension Fund. Some of the final costs are still uncertain and so a provision of £0.6 million has been included.

All other provisions, totalling £0.6 million, are individually insignificant.

Note 19: Usable Reserves

Movements in our usable reserves are detailed in the Movement in Reserves Statement and in notes 1 and 2. A summary of revenue and capital usable reserves is shown below:

31 March 2021 £ m	Usable reserves	31 March 2022 £ m
21.4	General Fund	26.0
230.5	Earmarked Reserves	228.6
0.7	Capital Fund	1.0
17.7	Capital Receipts Reserve	3.5
3.8	Capital Grants Unapplied	29.9
274.1	**Total usable reserves**	**289.0**

Note 20: Unusable Reserves

31 March 2021 £ m	Unusable reserves	31 March 2022 £ m
188.6	Revaluation Reserve	269.9
667.6	Capital Adjustment Account	808.2
9.1	Deferred Capital Receipts Reserve	4.1
2.1	Financial Instruments Revaluation Reserve	4.0
-11.6	Accumulated Absences Reserve	-9.6
-12.1	Collection Fund Adjustment Account	0.2
-8.3	Dedicated Schools Grant Adjustment Account	-11.1
-1,062.8	Pensions Reserve	-901.1
-227.4	**Total unusable reserves**	**164.6**

Revaluation Reserve

The Revaluation Reserve contains the gains we have made arising from increases in the value of our property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

31 March 2021 £ m	Revaluation Reserve	31 March 2022 £ m
193.1	Balance on 1 April	188.6
10.0	Revaluation increases	141.2
-2.3	Revaluation decreases	-37.7
-6.0	Depreciation adjustment to Capital Adjustment Account	-5.9
-6.2	Revaluation written off on disposal	-16.3
188.6	**Balance on 31 March**	**269.9**

Capital Adjustment Account
The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for the financing of the acquisition, construction or enhancement of those assets under statutory provisions:

- The Account is debited with the cost of acquisition, construction and enhancement as depreciation, impairment and revaluation losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts we set aside as finance for the costs of acquisition, construction and enhancement;
- The Account contains the accumulated gains and losses on investment properties; and
- The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 2 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31 March 2021 £ m	Capital Adjustment Account	31 March 2022 £ m
679.2	Balance on 1 April	667.6
0.0	Revaluation increase	0.8
-32.0	Revaluation decrease	-42.2
5.4	Reversal of previous impairments	129.0
6.0	Depreciation adjustment to Revaluation Reserve	5.9
6.2	Revaluation written off on disposal	16.3
-47.8	Value of asset disposals	-25.6
-20.8	Transfer of spending on assets we do not own	-22.1
-39.9	Depreciation charge to revenue	-41.3
11.4	Minimum revenue provision (MRP)	10.9
99.9	Money used to buy assets	108.9
667.6	**Balance on 31 March**	**808.2**

Deferred Capital Receipts Reserve
The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as useable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

31 March 2021 £ m	Deferred Capital Receipts reserve	31 March 2022 £ m
11.4	Balance on 1 April	9.1
9.1	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive Income and Expenditure Statement	0.0
-11.4	Transfer to the Capital Receipts Reserve upon receipt of cash	-5.0
9.1	**Balance on 31 March**	**4.1**

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains/losses made by the authority arising from increases/decreases in the value of its equity investments that are measured at fair value through other comprehensive income plus those financial assets valued at fair value through profit and loss for which a statutory override exists, because they meet the conditions of being classified as a pooled investment vehicle. This means that changes in their fair value do not hit the General Fund.

The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost; or
- Disposed of and the gains are realised.

31 March 2021 £ m	Financial Instrument Revaluation Reserve	31 March 2022 £ m
2.1	Opening Balance	2.1
0.1	Upward revaluation of investments	1.9
-0.1	Downward revaluation of investments	0.0
2.1	**Balance at 31 March**	**4.0**

Accumulated Absences Account

The Accumulated Absences Account absorbs the amounts that would otherwise affect the General Fund from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

31 March 2021 £ m		Movement in Accumulated Absences Account	31 March 2022 £ m	
	-6.6	Balance on 1 April		-11.6
6.6		Settlement or cancellation of accrual made at the end of the preceding year	11.6	
-11.6		Amounts accrued at the end of the current year	-9.6	
	-5.0	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		2.0
	-11.6	**Balance on 31 March**		**-9.6**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due compared with the statutory arrangements for paying across amounts due to the General Fund.

31 March 2021 £ m	Movement in Collection Fund Adjustment Account	31 March 2022 £ m
-1.2	Balance on 1 April	-12.1
-3.1	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	3.8
-7.8	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rate income calculated for the year in accordance with statutory requirements	8.5
-12.1	**Balance on 31 March**	**0.2**

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant (DSG) Adjustment Account is required to hold the deficits on DSG as these cannot be offset against General Fund Reserves and must be carried forward and met from future DSG funding in line with current legislation and statutory requirements. The deficit is removed from the CIES and reversed through the MIRS into this account.

31 March 2021 £ m	Dedicated Schools Grant (DSG) Adjustment Account	31 March 2022 £ m
-3.0	Balance on 1 April	-8.3
-5.3	Deficit on Schools Budget for the year	-2.8
-8.3	**Balance on 31 March**	**-11.1**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. We account for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities to reflect inflation, changing assumptions and investment returns on any resources set aside to meet costs. However, statutory arrangements require benefits earned to be financed, as we make employer's contributions to pension funds or eventually pay any pensions for which we are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources we have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time that the benefits come to be paid.

On 31 March 2021 £ m	Pensions Reserve - All Schemes	On 31 March 2022 £ m
-812.6	Balance as 1 April	-1,062.8
-224.0	Remeasurements of net defined (liability)/asset	231.8
0.0	Effect of business combinations and disposals	-10.0
-76.3	Reversal of net charges made for retirement benefits	-116.7
46.4	Employer's pension contributions and direct payments to pensioners payable in the year	50.3
3.7	Grant funding of firefighters' pensions liabilities	6.3
-1,062.8	**Balance at 31 March**	**-901.1**

Note 21: Cash Flow Statement – operating activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

31 March 2021 £m		31 March 2022 £m
38.9	Depreciation	40.3
26.6	Impairment and downward valuations	-87.6
1.0	Amortisation	1.1
0.0	Acquisition of donated assets	-1.4
27.2	Increase/(decrease) in creditors	11.4
-11.4	(Increase)/decrease in debtors including bad debts	-15.2
0.1	(Increase)/decrease in inventories	-0.2
26.2	Movement in pension liability	60.1
47.8	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	25.6
-1.6	Other non-cash items charged to the net surplus or deficit on the provision of services	-0.5
154.9	**Total**	**33.6**

The cash flows for operating activities include the following items:

31 March 2021 £m		31 March 2022 £m
2.1	Interest received	1.7
-16.6	Interest paid	-16.0
0.7	Dividends received	1.1

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

31 March 2021 £m		31 March 2022 £m
-21.7	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-4.7
-83.2	Any other items for which the cash effects are investing or financing cash flows	-107.2
-104.9	**Total**	**-111.9**

Note 22: Cash Flow Statement – investing activities

31 March 2021 £ m	Cash flows from investing activities	31 March 2022 £ m
-78.6	Purchase of property,plant and equipment, investment property and intangible assets	-83.7
-138.0	Purchase (-) of short-term and long-term investments	-260.0
90.0	Proceeds of short-term and long-term investments	158.0
-1.8	Other receipts or payments (-) for investing activities	-0.4
23.9	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	9.7
79.1	Other receipts from investing activities - capital grants	136.2
-25.3	**Net cash flows from investing activities**	**-40.2**

Note 23: Cash Flow Statement – financing activities

31 March 2021 £ m	Cash flows from financing activities	31 March 2022 £ m
-20.0	Repayments of short and long term borrowing	0.0
-20.0	**Net cash flows from financing activities**	**0.0**

There were no financing activities in 2021/22. In 2020/21 the only cash flow in relation to borrowing was the repayment of £20.0 million of loans outstanding.

Note 24: Grant Income

We credited the following grants to the CIES in 2021/22:

2020/21 £ m	Grant income	2021/22 £ m
	Revenue grants credited to Services:	
233.2	Dedicated Schools Grant	239.9
9.6	Pupil Premium Grant	9.6
0.1	Sixth Form Funding	0.0
13.7	Other Schools Grants	3.5
4.3	Asylum Seekers Grant	6.6
23.4	Public Health Grant	23.9
4.7	Universal Infant Free School Meals	4.0
1.6	Adult & Community Learning	1.8
14.5	Contain Outbreak Management Covid Grant	2.8
7.8	Hospital Discharge Grant	3.1
1.9	Winter Grant Fund	0.0
5.6	Covid Test and Trace, Community Testing & ASC Rapid Testing Grants	1.9
13.4	Covid Infection Control Grant	10.0
14.7	Better Care Fund	14.5
0.0	Community Renewal Fund	1.6
0.0	Household Support Grant	3.5
1.1	Workforce Recruitment & Retention Grant	3.9
0.9	Covid 19- Catch up Grant	1.1
0.7	Bus Service Operators Grant	1.7
0.1	Holiday Activities and Food Programme	1.2
4.4	Other revenue grants	4.7
355.7	**Total revenue grants**	**339.3**
	Capital grants and contributions credited to services:	
5.1	Disabled Facilities Grant	5.1
0.0	Environment Agency	0.1
2.3	Building Digital UK (BDUK)	5.2
7.1	Private developer funding	8.3
2.3	Other grants/contributions	1.9
16.8	**Total capital grants and contributions**	**20.6**
372.5	**Total**	**359.9**

2020/21 £ m	Grant income	2021/22 £ m
	Revenue grants credited to Taxation and Non Specific Grant Income:	
9.6	Business Rates Retention/Compensation Scheme	10.7
0.0	Council Tax Support Scheme	4.9
26.4	Adult Social Care & Better Care Fund	27.0
0.0	Domestic Abuse Support Grant	1.0
31.6	Covid 19 Support Grants	10.8
3.4	New Homes Bonus	2.7
1.8	Independent Living Fund Grant	1.8
1.3	Tackling Troubled Families	1.1
1.0	Childrens Social Innovation Programme	1.0
1.2	Fire Service Pensions Grant	1.3
3.7	Fire Pension Fund Grant	6.3
2.5	Other Grants	2.4
82.4	**Total revenue grants**	**71.0**
	Capital grants and contributions credited to Taxation and Non Specific Grant Income:	
1.2	Devolved Formula Capital	1.3
5.6	Schools Maintenance and Basic Need	32.3
26.6	Local Transport Plan and other transport grants	20.3
4.9	Contribution from other local authorities	5.6
15.3	Private developer funding	20.1
0.0	Donated assets received	1.4
12.8	Other grants/contributions	7.0
66.4	**Total capital grants and contributions**	**88.0**
148.9	**Total**	**159.0**

We have received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver.

The balances at year end are as follows:

31 March 2021 £ m		31 March 2022 £ m
	Short-term grant receipts in advance - revenue	
1.0	Rural Mobility Fund	1.0
0.7	Syrian Settlement Grant	1.1
0.9	Other grants	3.0
2.7	**Total revenue grants**	**5.1**
	Long-term grant receipts in advance - capital	
1.0	Devolved Formula Capital	0.8
6.2	Grant from Other Local Authorities	9.3
0.7	Additional School Capital Funding	0.5
66.5	Private developer funding and capital receipt deposits	87.9
1.3	Other grants/contributions	4.1
75.7	**Total capital grants**	**102.6**
78.4	**Total**	**107.7**

Note 25: Accounting standards issued that have not yet been adopted

The following accounting standards have been issued but not yet adopted:

- Annual improvements to IFRS Standards 2018-2020. The annual IFRS improvement programme notes 4 changed standards:
    - IFRS 1 (First-time adoption)
    - IAS 37 (Onerous contracts)
    - IFRS 16 (Leases)
    - IAS 41 (Agriculture)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

These standards all apply to local authority accounts in 2022/23 but are not expected to have a material effect on the authority's financial statements.

Note 26: Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions we have made about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in our Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Property, plant and equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance in relation to individual assets. In the current economic climate, the authority cannot be certain about its ability to sustain the current level of spending on repairs and maintenance bringing into doubt the useful lives of the assets.	If a reduction of asset life occurs, the depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for property, plant and equipment would increase by £3.0 million for every year that useful lives are reduced.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate, in isolation, would result in an increase in the pension liability of £38.7 million. See note 37 for further examples. During 2021/22, our actuaries advised that the net pensions' liability has decreased by £161.7 million mainly as a result of an actuarial gain due to revaluation of fund liabilities.
McCloud and Sargeant Judgements	The McCloud and Sargeant judgements upheld the claimant's cases that the method of implementation of the new public sector pension schemes discriminated against younger members. Our consulting actuaries have included an estimate of the impact in the calculation of our pension liability. However, the remedy to resolve the age discrimination has yet to be agreed and the financial impact remains uncertain.	A 1% change in the employer's liability as a result of the final remedy would change our pension liabilities by £23m.

Item	Uncertainties	Effect if actual results differ from assumptions
Covid-19	Our immediate response to the Covid-19 pandemic, the impact of lock down and social distancing on service provision, the wider effects on the economy locally, nationally and globally and the need to invest in the reinstatement of services and recovery began to impact towards the end of March 2020. We used expert external valuers and actuaries to value of our assets and liabilities as at the end of March 2021 and March 2022 to ensure our balance sheet reflects the estimated impact at that point. However, the duration of the pandemic and the depth of and timeframe for recovery from any economic downturn remain uncertain. Therefore, the financial impact and risk of a material adjustment to our balance sheet going forward remains. The key elements that could be negatively impacted include: • The fair value of our assets and investments; and • The level of reserves and cash we use compared to our plans to meet any unfunded costs as well as an increase in both demand for our services and a reduced resource base in future years.	We have £255.6m of general fund revenue reserves and £473.7m of cash and short-term investments at 31 March 2022. A significant proportion of these could be used/redirected to meet any immediate funding shortfall. Any material use would require a review of our medium-term spending and investment plans. Our long-term investments and investment property equate to 1.4% of our total long-term assets at 31 March 2022. A decrease in value of these assets will not affect the underlying strength of our asset base. £138.6m of our operational land and buildings assets are valued on the basis of their existing use. A 12%+ variation in the value of these assets would have a material impact on our accounts.
Inflation	We are facing material inflationary increases for the first time in decades. The key elements that could be negatively impacted include: • The fair value of our assets and investments – through the impact in the value of our investments and the increased cost of delivering new investments/assets impacting on the amount of investment we can undertake; • The level of reserves we use compared to our plans to meet any increased costs and/or demand for our services compared to our plans; and • The net pensions liability through the impact on both the estimation of liabilities and the expected return on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	We have £255.6m of general fund revenue reserves and £473.7m of cash and short-term investments at 31 March 2022. A significant proportion of these could be used/redirected to meet any immediate funding shortfall. Any material use would require a review of our medium-term spending and investment plans. Our long-term investments and investment property equate to 1.4% of our total long-term assets at 31 March 2022. A decrease in value of these assets will not affect the underlying strength of our asset base. £138.6m of our operational land and buildings assets are valued on the basis of their existing use. A 12%+ variation in the value of these assets would have a material impact on our accounts. The effects on the net pension liability of changes in individual assumptions can be measured. See note 37 for further examples. A 1% variation in the fair value of our share of the Pension Fund's assets is £14.0m.

Item	Uncertainties	Effect if actual results differ from assumptions
Fair Value	It is not always possible for the fair values of investment properties, surplus assets and assets held for sale to be measured based on quoted prices in active markets (i.e. Level 1 inputs). For Level 2 inputs we use quoted prices for similar assets or liabilities in active markets at the balance sheet date. Where possible the inputs to these valuation techniques are based on observable data, but where this is not possible, judgement is required in establishing fair values. Where Level 1 inputs are not available, we use valuers to identify the most appropriate valuation techniques to determine fair value.	We use a combination of indexation techniques, beacon valuations and discounted cash flow models to measure the value of our investment properties, surplus assets and assets held for sale.

Note 27: Capital expenditure and capital financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed from borrowing (resulting in future revenue charges), the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £ m	Capital financing requirement	2021/22 £ m
289.8	Opening requirement	278.3
	Capital investment:	
78.9	- Property, plant & equipment	86.4
0.0	- Heritage assets	0.1
0.2	- Intangible assets	0.0
0.0	- Long term debtors relating to capital transactions	0.4
20.8	- Revenue spending from capital under statute	22.1
99.9	**Total capital investment**	**109.0**
	Sources of finance:	
-15.0	- Capital receipts	-23.9
-83.0	- Government grants and other contributions	-82.6
	- Sums set aside from revenue:	
-2.0	- Direct revenue contributions	-2.5
-11.4	- MRP	-10.9
-111.4	**Total sources of income**	**-119.9**
278.3	**Closing capital financing requirement**	**267.4**

2020/21 £ m	Explanation of movements in the year	2021/22 £ m
-11.5	Change in underlying need to borrow	-10.9
-11.5	**Increase/decrease(-) in Capital Financing Requirement**	**-10.9**

Note 28: Critical judgements in applying accounting policies

In applying our accounting policies as set out at the start of this document, we have had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, we have determined that this uncertainty is not yet sufficient to provide an indication that our assets might be impaired as a result of a need to close facilities and reduce levels of service provision;

- We consider voluntary controlled, voluntary aided and foundation schools contribute alongside maintained schools, to meeting our service objectives both now and in the future and that therefore their expenditure, income and the assets they use in the provision of services should form part of our accounts. In accordance with the Code we include them in our single entity accounts, and we do not have to prepare separate group accounts. Details of the value and number of each type of school included in our accounts are shown at note 9;

- When a school that is held on our Balance Sheet transfers to academy status we account for this as a disposal for nil consideration on the date that the school converts to academy status rather than as an impairment on the date that approval to transfer to Academy status is agreed. See Notes 4 and 30.

- Details of our relationships with other companies and investments in companies are detailed in note 40. These are not material and we have not prepared group accounts on this basis.

- When we become aware of an expected credit loss our accounting policies require that, if material, we charge this to the CIES in the year. Our judgement, based on the advice of our external experts, is that there is no material expected credit loss at 31 March 2022 and therefore no impairment charge to the CIES has been made.

Note 29: Dedicated Schools Grant

Our spending on schools is funded primarily by a grant provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance and Early Years (England) Regulations 2017. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Central spending includes other funding allocated as school specific contingencies and nominally held funds and allocations by the School Forum. The DSG figure is as confirmed by the Department for Education in March 2022.

We confirm that the DSG receivable in 2021/22 was £240.0 million (made under section 14 of the Education Act 2002). It has been fully distributed to support schools' budgets, as set out in the regulations made under sections 45A, 45AA, 47, 47ZA, 47A, 48, 49 and 138(7) of, and paragraph 2(B) of schedule 14 to, the Schools Standards and Framework Act 1998 and section 24(3) of the Education Act 2002.

New provisions, which came into force on 1 April 2020, under the Schools and Early Years Finance (England) Regulations 2020, mean that local authorities are required to carry forward overspends of DSG to their schools' budgets either in the year immediately following or the year after. Under Regulation 8, paragraphs (7) and (8) this also applies to a deficit from the previous year i.e. 2020/21, thus creating a comparable position to the statutory funding basis for the 2021/22 financial year. Any future funding to make good any deficit from our General Reserves can only be made upon approval from the Secretary of State. This reflects the statutory requirement that a deficit must be carried forward to be funded from future DSG income, unless the Secretary of State authorise the local authority not to do so. Furthermore, the DSG deficit has to be allocated between service categories so that a deficit from one service category cannot be offset against a surplus from another.

The early years DSG is based on data from earlier years. The final allocation will be determined and received during 2022/23 and will be shown in the table as an in-year adjustment. The £0.5m in-year adjustment shown in the table is £0.5m additional DSG income relating to the final in-year adjustment for 2020/21 and £0.04m estimated to be clawed back as the additional final early years DSG for 2021/22.

The deficit on the high needs DSG is £16.0m at the end of the 2021/22 financial year. This will be recovered through future funding growth and our recovery plan aimed at influencing the increasing level of demand in the high needs system and the push towards specialist placements. In line with new regulations which came into force on 29 November 2020, any deficit, as calculated under those regulations, must not be charged to the revenue account. That deficit should be recorded in a separate account solely for the purposes of recording deficits relating to its schools' budget. This is an unusable reserve which we have called the Dedicated School Grant Adjustment Account. These regulations apply at the moment for a period of three years. This adjustment is included as a statutory adjustment in Note 2 to ensure it does not affect the Net Cost of Services or the Total General Reserves available.

Details of the deployment of DSG receivable for 2021/22 across the different DSG blocks are shown below.

2020/21 Total		2021/22										
		Central Spending					Individual schools budget (ISB)					
		Schools Block	Early Years Block	High Needs Block	Central Block	TOTAL	Schools Block	Early Years Block	High Needs Block	Central Block	TOTAL	Total
£ m		£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
455.9	Final DSG for the year before Academy recoupment	2.9	1.5	56.2	4.2	64.8	378.6	32.2	19.9	0.0	430.7	495.5
-222.1	Less Academy recouped for the year	0.0	0.0	0.0	0.0	0.0	-241.2	0.0	-14.3	0.0	-255.5	-255.5
233.8	**Total DSG after Academy recoupment for the year and agreed initial budget distribution in the year.**	**2.9**	**1.5**	**56.2**	**4.2**	**64.8**	**137.4**	**32.2**	**5.6**	**0.0**	**175.2**	**240.0**
-3.0	Plus DSG brought forward from the previous year	3.0	2.1	-13.8	0.5	-8.3	0.0	0.0	0.0	0.0	0.0	-8.3
230.9	**Agreed initial budgeted distribution in the year**	**5.9**	**3.6**	**42.4**	**4.7**	**56.5**	**137.4**	**32.2**	**5.6**	**0.0**	**175.2**	**231.7**
-0.6	In year Adjustments	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.5	0.5
230.2	**Final budgeted DSG distribution for the year**	**5.9**	**3.6**	**42.4**	**4.7**	**56.5**	**137.4**	**32.7**	**5.6**	**0.0**	**175.7**	**232.2**
-65.9	Actual central spending for the year	-3.7	-1.5	-58.0	-4.2	-67.3	0.0	0.0	0.0	0.0	0.0	-67.3
-172.7	Actual ISB deployed to schools	0.0	0.0	0.0	0.0	0.0	-138.2	-31.8	-6.0	0.0	-176.0	-176.0
-8.3	**Under/Over(-) spend for the year (carried forward)**	**2.2**	**2.1**	**-15.6**	**0.5**	**-10.8**	**-0.8**	**0.9**	**-0.4**	**0.0**	**-0.3**	**-11.1**

Note: The above table contains casting differences of £0.1m due to the rounding applied.

Note 30: Events after the Balance Sheet date

Academisation of Schools
As a result of the Government's White Paper 'The Importance of Teaching', which allows Schools to opt out of local government control by becoming academies, 8 Warwickshire schools chose to take up the new academy status in 2021/22 and a further 13 Warwickshire schools are anticipated to also convert to academy status in 2022/23 and beyond. The significance of the conversion of these schools to academy is that the value of the land, buildings and any vehicles, plant and equipment will be removed from our Balance Sheet at the date of conversion. The value of the derecognition of the current schools looking to convert to academy status after 31 March 2022 will be in the region of £39.6 million.

Note 31: External audit costs

We expect to incur costs of £0.123 million (£0.115 million in 2020/21) in relation to the audit of the 2021/22 Statement of Accounts and £0.008 million (£0.005 million in 2020/21) in respect of certification of grant claims and other services provided by our external auditors. In addition, we acquired non-audit services from the external auditors of £0.008 million in 2021/22 (£0.010 million in 2020/21).

Note 32: Leases

Authority as lessee

- Finance leases
  We have acquired some equipment under finance leases. The assets acquired under these leases are carried as property, plant and equipment in the Balance Sheet. These amounts are not material to the financial statements.
- Operating leases
  We have acquired a number of buildings, vehicles and items of equipment by entering into operating leases. These amounts are not material to the financial statements.

Authority as lessor

- Finance leases
  We do not have any finance leases as lessor.
- Operating leases
  We lease out property under operating leases for the following purposes:
  - For the provision of community services, such as community centres, homes for the elderly and disabled nurseries;
  - For economic development purposes to provide accommodation for local businesses;
  - For the support of rural businesses to support smallholdings and farming; and
  - To individuals for personal and business use.

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2021 £ m	Operating lease period	31 March 2022 £ m
1.3	Not later than 1 year	1.8
3.3	Later than 1 year and not later than 5 years	4.8
9.6	Later than 5 years	11.0
14.2	**Total**	**17.6**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. The contingent rent is not material to the financial statements.

Note 33: Contingent assets

We currently have no contingent assets.

Note 34: Contingent liabilities

A further legal ruling relating to Firefighter Additional Duties received in April 2019 charges Fire Authorities to ensure all allowances related to any regular additional duty are treated as pensionable. The appropriate changes have been made to the payroll system but backpay will be due once further advice is received concerning how far back we are required to consider recompense for. Until this advice is available, we are unable to calculate an appropriate provision amount, but our view is that for Warwickshire FRS this only relates to Training Allowance which is only paid to a small number of individuals and therefore should not be a material amount.

Note 35: Members' allowances

Elected members were paid a total of £0.775 million (£0.756 million in 2020/21) in allowances and expenses. In addition, we paid independent and co-opted members allowances and expenses of £0.013 million (£0.013 million in 2020/21). No single member was paid more than £50,000 during the year. Further details of allowances and expenses payments made to Elected Members in 2021/22 are available on our website https://www.warwickshire.gov.uk. Payments to Elected Members include expenses for the Police and Crime Panel which are reimbursed by the Home Office.

Note 36: Officers' remuneration and termination benefits

We are required to show the number of our staff who are paid more than £50,000 a year. This is shown in the table below. Pay includes salary, redundancy, taxable travel and other taxable costs. These figures do not include employer's pension contribution and exclude remuneration for senior staff who are shown separately.

2020/21		Remuneration Band	2021/22	
Number of Staff	Number Left in the Year		Number of Staff	Number Left in the Year
138	1	£50,000 - £54,999	170	7
120	0	£55,000 - £59,999	113	5
66	3	£60,000 - £64,999	83	1
50	2	£65,000 - £69,999	64	2
33	1	£70,000 - £74,999	42	4
26	3	£75,000 - £79,999	29	0
12	1	£80,000 - £84,999	21	2
8	0	£85,000 - £89,999	11	0
6	1	£90,000 - £94,999	5	0
6	0	£95,000 - £99,999	6	0
3	0	£100,000 - £104,999	5	0
0	0	£105,000 - £109,999	1	0
2	0	£115,000 - £119,999	2	0
0	0	£120,000 - £124,999	1	1
0	0	£125,000 - £129,999	0	0
0	0	£130,000 - £134,999	1	0
1	0	£135,000 - £139,999	0	0
471	**12**		**554**	**22**

We are required to disclose the remuneration of senior employees, as defined by regulation, by post for salaries under £150,000 and by name for those whose salary is over £150,000. Remuneration for senior staff includes the employer's contribution to the appropriate pension fund.

Post holder information		Salaries (including fees and Allowances) £	Taxable Expense Allowances £	Total excluding pension contributions £	Employer's Pension Contributions £	Total including pension contributions £
Chief Executive - Monica Fogarty	2020/21	190,808	0	190,808	37,587	228,395
(Head of Paid Service)	2021/22	198,948	0	198,948	39,193	238,141
Strategic Director for Resources - Rob Powell	2020/21	147,718	0	147,718	29,099	176,817
(Section 151 Officer)	2021/22	153,767	0	153,767	30,292	184,059
Strategic Director for People - Nigel Minns	2020/21	147,743	0	147,743	29,104	176,847
Note 1	2021/22	153,767	0	153,767	30,292	184,059
Strategic Director for Communities	2020/21	140,282	0	140,282	27,633	167,915
	2021/22	146,193	0	146,193	28,800	174,993
Chief Fire Officer	2020/21	133,620	0	133,620	39,892	173,512
Note 2	2021/22	69,699	0	69,699	15,973	85,672
	2021/22	88,953	0	88,953	25,618	114,571
Assistant Director - Public Health (Director of	2020/21	107,208	10,002	117,210	21,119	138,329
Public Health)	2021/22	115,553	0	115,553	22,764	138,317
Assistant Director Education Services (Chief	2020/21	115,367	0	115,367	22,726	138,093
Education Officer)	2021/22	119,743	0	119,743	23,589	143,332
Assistant Director Governance and Policy	2020/21	120,527	0	120,527	23,742	144,269
(Monitoring Officer)	2021/22	122,380	0	122,380	24,109	146,489
Total 2020/21		**1,103,273**	**10,002**	**1,113,275**	**230,902**	**1,344,177**
Total 2021/22		**1,169,003**	**0**	**1,169,003**	**240,630**	**1,409,633**

Note 1 The Strategic Director for People holds the posts of Director of Children's Services and Director of Adult Social Services.

Note 2 The role of the Chief Fire Officer was undertaken by two individuals during 2021/22. Initially from 1 April 2021 to 1 September 2021 on an annualised salary of £132,228. A new Chief Fire Officer started on 26 July 2021 on an annualised salary of £130,000. The new Chief Fire Officer was previously in the role of Assistant Chief Fire Officer.

Note 3 An interim Assistant Director for Education was also in post from November 2021 to March 2022. They were paid via an Agency. Payments for 2021/22 were £68,255.

There were no payments for compensation for loss of office or benefits in kind relating to senior staff.

A number of employees left during 2021/22, incurring costs of £1.8 million (£2.1 million in 2020/21). None of this relates to senior staff. This cost includes officers who have left as part of ongoing savings and efficiency plans. The table below provides details of total exit costs, which also includes the pensions costs funded by the authority.

Exit Package Cost Band (including Special Payments)	Number of compulsory redundancies		Number of other departures agreed		Total Number of packages by cost band		Total cost of packages in each band £ m	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
£0 - £20,000	8	26	59	32	67	58	0.414	0.284
£20,001 - £40,000	4	10	8	1	12	11	0.346	0.307
£40,001 - £60,000	2	5	5	2	7	7	0.328	0.338
£60,001 - £80,000	1	4	1	0	2	4	0.129	0.260
£80,001 - £100,000	2	0	0	0	2	0	0.173	0.000
£100,001 - £150,000	1	5	1	0	2	5	0.243	0.617
£150,001 - £200,000	3	0	0	0	3	0	0.498	0.000
	21	**50**	**74**	**35**	**95**	**85**	**2.131**	**1.806**

This is staff that have left the authority in the year. In addition, we are required to account for the termination costs for staff that have signed an agreement to leave the authority which cannot be cancelled but who do not leave until after the 31 March, as a provision charged in the CIES.

Note 37: Pension schemes

As part of the terms and conditions of employment, we offer retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make payments that need to be disclosed at the time that employees earn their future entitlement.

Pension Schemes operated by the Council

Teachers

We operate a pension scheme for our teaching staff, under the Superannuation Act 1972. The scheme provides teachers with a defined benefit when they retire. The Teachers' Pensions Agency manages the scheme under the Teachers' Pensions Regulations 1997, as amended. The Government sets teachers' and employers' contribution rates on the basis of an assumed fund. The scheme has a large number of participating employers and so we are not able to identify our share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of our Statement of Accounts, the scheme is therefore accounted for on the same basis as a defined contribution scheme.

We may be required to make two kinds of contributions to the scheme – 'normal' and 'supplementary'. The normal contribution is the percentage of a newly recruited teacher's salary that is needed to meet the cost of the pension liability. We would pay a supplementary contribution if the Government found that future liabilities would not be met by the normal contributions. A supplementary contribution is not needed at present. Our total employer's contribution cost was £16.4 million in 2021/22 (£17.0 million in 2020/21).

We are also responsible for paying any extra added years of benefits and early retirement costs to pensioners. These extra costs are classed as defined benefits. As a result, in our accounts we show the extra cost of pensions decisions we made in the current year, no matter when we will actually pay these financial costs. There is no fund for these discretionary benefits and so there are no assets. In 2021/22 the payments relating to added pensionable years came to £3.1 million (£3.2 million in 2020/21).

Firefighters

There is a defined benefit pension scheme for our firefighters, under the Superannuation Act 1972. The Firefighters' Pension Scheme in England is an unfunded scheme where we promise to provide employees with benefits under the scheme but make no advance funding in the scheme for those benefits. Benefits are paid directly when they become due.

We pay an employer's pension contribution, based on a percentage of pay, into the pension fund. The pension fund will be balanced to nil at the end of the year by either paying over to the government any excess, or by receiving cash in the form of pension top-up grant. This grant is paid to the Firefighters' Pension Fund and not the County Council. The Government sets the employees' and employer's contribution rates by regulation.

In 2021/22, pension payments totalled £7.3 million (£7.0 million in 2020/21). Costs relating to early retirement totalled £3.2 million in 2021/22 (£0.7 million in 2020/21).

The estimated employer's contributions for Fire Fighters pension for the period to 31st March 2023 is approximately £2.8 million.

Firefighters' Injury Awards Scheme

Firefighters' injury awards are financed from our revenue account. An ongoing liability to pay injury awards is included in our Balance Sheet. This liability is subject to the same actuarial assumptions as the main firefighters' scheme, though it is not a separate pension scheme as there is a benefit paid whether the recipient of the injury award is a member of the scheme or not. However, the liability forms part of our overall pensions' liability.

National Health Service

During 2013/14 some NHS staff transferred to us. These staff have maintained their membership in the NHS Pension Scheme. The scheme provides these staff with specified benefits upon their retirement and we contribute towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is an unfunded defined benefit scheme. However, we are not able to identify our share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22 we paid £0.065 million (£0.070 million in 2020/21) to the NHS Pension Scheme in respect of former NHS staff retirement benefits, including employees' contributions.

Local Government Pension Scheme – all other Council employees

We operate a funded, defined benefit pension scheme for staff, under the Local Government Pensions Scheme Regulations 2013. We manage the scheme for ourselves, the five district councils and a number of other organisations. We prepare the accounts, but they are separate from our financial statements. The Council and employees pay contributions into the fund calculated at a level intended to balance pension liabilities with investment assets.

An actuarial valuation is carried out every three years to assess the difference between the fund's projected assets and liabilities and the amount employers will have to contribute for the next three years. The valuation on 31 March 2019 set the rates for 2020/21, 2021/22 and 2022/23.

In the valuation carried out as at 31 March 2019 the funding level increased from 82% to 92%. As a result, the employer's rate is expected to increase by 0.75% per annum until 2022/23. In 2021/22, we made normal employer's contributions totalling £32.3 million (£28.7 million in 2020/21).

We are also responsible for all pension payments relating to benefits we have awarded for added years, together with related increases. In 2021/22, these came to £1.1 million (£2.5 million in 2020/21). The estimated employer's contribution for the period to 31st March 2023 is £33.2 million.

In 2021/22 we agreed to take on the full pension assets and liabilities of Educaterers Ltd (our wholly owned Local Authority Trading Company), adopting an approach to achieve a stable and appropriate contributions rate under a risk sharing agreement. This is identified within the below tables with the narrative "Effect of business combinations and disposals". The net impact is an increased pension liability of £10 million. This comprises of an increase in LGPS assets of £19.2 million and an increase in LGPS liabilities of £29.1m. The liability was previously transferred from us in 2017 on the incorporation of Educaterers.

The impact of the transfer is included within Other Comprehensive Income in the CIES included within the line for "Remeasurements of the net defined benefit liability". There is no impact to our general fund reserves, with the increase in pension liability offset by an increase in the pension reserve.

The value of our LGPS assets at 31 March 2022 is based on the market value at 31 March 2022. The movement in our LGPS assets in the year is as shown below:

31 March 2021 £ m	Change in Fair Value of WCC Share of LGPS Assets	31 March 2022 £ m
1,019.2	Fair value of assets at the beginning of the year	1,278.1
-4.9	Effect of settlements	-2.7
23.3	Interest Income on plan assets	25.5
242.2	Remeasurements on assets	77.9
32.0	Employers' contributions (including receipts covering early retirements)	32.4
9.3	Member contributions	10.1
-43.0	Benefits/transfers paid	-43.3
0.0	Effect of business combinations and disposals	19.2
1,278.1	**Fair value of assets at the end of the year**	**1,397.2**

A breakdown of the nature of those assets is as follows:

31 March 2021			31 March 2022	
Quoted prices in active markets £ m	Quoted prices not in active markets £ m	LGPS Assets	Quoted prices in active markets £ m	Quoted prices not in active markets £ m
0.0	0.6	**Equity securities:**	0.0	0.6
277.0	43.1	**Debt Securities:**	180.5	41.6
0.0	65.5	**Private equity:**	0.0	99.3
		Real estate:		
116.0	0.0	UK property	137.1	0.0
0.0	0.0	Overseas property	0.5	0.0
		Investment funds and unit trusts:		
714.2	0.0	Equities	711.3	0.0
0.0	0.0	Bonds	126.2	0.0
36.9	0.0	Infrastructure	0.0	70.7
0.0	0.0	Other	0.0	0.0
24.8	0.0	**Cash and cash equivalents**	29.3	0.0
1,168.9	**109.2**	**Totals**	**1,185.0**	**212.2**

Note: The above table contains a casting difference of £0.1m due to the rounding applied.

The expected return on scheme assets does not affect the Balance Sheet position as at 31 March 2022 but will affect the reported pension cost for the following year. It is based on market expectations at the beginning of the financial period for returns over the life of the obligation. This requires the consideration of the composition of the Scheme's assets and the potential returns of different asset classes. The assumption used is the average of the assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

<u>The Impact of Pensions in our Accounts</u>

We show the cost of retirements benefits in 'Money spent on services' in the CIES when employees earn them. We have made adjustments in the MIRS so that the charge made against the council tax reflects the actual cash we have paid relating to the year.

31 March 2021					Pension scheme accounting	31 March 2022				
LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury Award £m	Total £m		LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury Award £m	Total £m
					Spending:					
49.6	0.0	3.3	0.4	53.3	Current service cost	81.3	0.0	5.0	0.6	86.9
0.0	0.0	0.0	0.0	0.0	Past service cost and curtailments	0.3	0.0	0.0	0.0	0.3
-3.5	0.0	0.0	0.0	-3.5	Effects of Settlement	-2.6	0.0	0.0	0.0	-2.6
34.6	1.0	5.8	0.6	42.0	Interest cost	39.3	0.9	6.2	0.6	47.0
-23.3	0.0	0.0	0.0	-23.3	Interest income on plan assets	-25.5	0.0	0.0	0.0	-25.5
57.5	**1.0**	**9.1**	**1.0**	**68.6**	**Net charge to CIES**	**92.9**	**0.9**	**11.2**	**1.2**	**106.2**
					Contribution from Pensions Reserve:					
-184.0	-3.1	-59.7	-3.4	-250.2	Movement on the Pensions Reserve	137.7	4.3	18.3	1.5	161.8
158.5	5.4	57.1	3.0	224.0	Re-measurements recognised in CIES	-207.2	-2.1	-20.4	-2.2	-231.8
0.0	0.0	0.0	0.0	0.0	Effect of business combinations and disposals	10.0	0.0	0.0	0.0	10.0
n/a	n/a	-3.7	n/a	-3.7	Funded by Government top up grant	n/a	n/a	-6.1	n/a	-6.1
-25.5	**2.3**	**-6.3**	**-0.4**	**-29.9**	**Contribution (from) Pensions Reserve**	**-59.5**	**2.2**	**-8.2**	**-0.7**	**-66.3**
					Actual amount charged against council tax:					
32.0	n/a	2.8	n/a	34.8	Employer's contributions & ill-health contributions	33.4	n/a	3.0	n/a	36.3
32.0	**0.0**	**2.8**	**0.0**	**34.8**	**Amount charged against council tax**	**33.4**	**0.0**	**3.0**	**0.0**	**36.3**
					Amount funded by government top up grant					
n/a	n/a	7.7	n/a	7.7	Retirement benefits paid and due to be paid to pensioners and transfers out	n/a	n/a	10.3	n/a	10.3
n/a	n/a	0.0	n/a	0.0	Retirement Benefits paid directly by Government Top Up Grant	n/a	n/a	0.0	n/a	0.0
n/a	n/a	-1.2	n/a	-1.2	Employee contributions	n/a	n/a	-1.2	n/a	-1.2
n/a	n/a	-2.8	n/a	-2.8	Employer's contributions & ill-health contributions	n/a	n/a	-3.0	n/a	-3.0
0.0	**0.0**	**3.7**	**0.0**	**3.7**	**Government top up grant receivable**	**0.0**	**0.0**	**6.1**	**0.0**	**6.1**
					Movement in Reserves Statement					
-57.5	-1.0	-16.8	-1.0	-76.3	Reversal of net charges made for retirement benefits	-92.9	-0.9	-21.5	-1.2	-116.5
32.0	n/a	2.8	n/a	34.8	Employer's contributions & ill-health contributions	33.4	n/a	3.0	n/a	36.3
n/a	3.2	7.7	0.6	11.5	Retirement benefits paid or due to be paid to pensioners and transfers out	n/a	3.1	10.3	0.5	13.9
-25.5	**2.3**	**-6.3**	**-0.4**	**-29.9**	**Movement in Reserves Statement**	**-59.5**	**2.2**	**-8.2**	**-0.7**	**-66.3**

Note: The above table contains casting differences of £0.1m due to the rounding applied.

The key assumptions used by our actuary to determine valuations are as laid out in the table below:

31 March 2021				Pension scheme assumptions	31 March 2022			
LGPS	Teachers	Firefighters	Firefighter Injury Award		LGPS	Teachers	New Firefighters	Firefighter and Injury Award
				Financial assumptions:				
2.9%	2.9%	2.9%	2.9%	Rate of Inflation CPI	3.2%	3.2%	3.2%	3.2%
3.1%	3.1%	3.3%	3.3%	Salary increase	4.0%	4.0%	3.7%	3.7%
2.9%	2.9%	2.9%	2.9%	Pensions increases	3.2%	3.2%	3.2%	3.2%
2.0%	2.0%	2.0%	2.0%	Rate of discount	2.7%	2.7%	2.7%	2.0%
				Life expectancy assumptions:				
21.8 (24.2)	21.8 (24.2)	26.6 (28.9)	26.6 (28.9)	A male (female) current pensioner aged 65	21.6 (24.1)	21.6 (24.1)	26.3 (28.7)	26.3 (28.7)
23.0 (26.1)	23.0 (26.1)	27.9 (30.3)	27.9 (30.3)	A male (female) future pensioner aged 65 in 20 years time	22.7 (25.9)	22.7 (25.9)	27.7 (30.1)	27.7 (30.1)
				Commutation of pension for lump sum at retirement:				
75.0%	n/a	90.0%	90.0%	~ Taking maximum cash	75.0%	n/a	90.0%	90.0%
50.0%	n/a	n/a	n/a	~ Taking 3/80th cash	50.0%	n/a	n/a	n/a

The sensitivity regarding the principal assumptions used to measure the LGPS scheme liabilities are set out below.

Change in assumptions as at 31 March 2022	Approximate increase to Employer Liability %	Approximate monetary amount £ m
0.1% decrease in real discount rate	2%	38.7
1 year increase in member life expectancy	4%	77.2
0.1% increase in the salary increase rate	0%	3.3
0.1% increase in the pension increase rate	2%	35.0

The liabilities associated with each scheme are as shown in the table below:

31 March 2021					Change in present value of pension scheme liabilities during the year	31 March 2022				
LGPS £m	Teachers £m	Firefighters £m	Firefighter Injury Award £m	All Schemes £m		LGPS £m	Teachers £m	Firefighters £m	Firefighter Injury Award £m	All Schemes £m
1,506.2	44.7	256.6	24.3	1,831.8	Benefit obligation at the beginning of the year	1,949.1	47.8	316.3	27.7	2,340.9
49.6	0.0	3.3	0.4	53.3	Current service costs	81.3	0.0	5.0	0.6	86.9
-8.4	0.0	0.0	0.0	-8.4	Effect of Settlements	-5.3	0.0	0.0	0.0	-5.3
34.6	1.0	5.8	0.6	42.0	Interest on pensions liabilities	39.3	0.9	6.2	0.6	47.0
9.3	0.0	1.2	0.0	10.5	Member contributions	10.1	0.0	1.2	0.0	11.3
0.0	0.0	0.0	0.0	0.0	Past service costs	0.3	0.0	0.0	0.0	0.3
-43.0	-3.2	-7.7	-0.6	-54.6	Benefits/transfers paid	-44.3	-3.1	-10.3	-0.5	-58.2
0.0	0.0	0.0	0.0	0.0	Effect of business combinations and disposals	29.1	0.0	0.0	0.0	29.1
400.7	5.4	57.1	3.0	466.2	Remeasurements on liabilities	-129.2	-2.1	-20.4	-2.2	-153.9
1,949.1	**47.8**	**316.3**	**27.7**	**2,340.9**	**Present value of liabilities at the end of the year**	**1,930.4**	**43.6**	**298.0**	**26.2**	**2,298.2**

Note: The above table contains casting differences of £0.1m due to the rounding applied.

This leaves each scheme with a net liability as shown below:

31 March 2021					Pension assets and liabilities recognised in the Balance Sheet	31 March 2022				
LGPS £m	Teachers £m	Fire fighters £m	Firefighter Injury Award £m	Total £m		LGPS £m	Teachers £m	Fire fighters £m	Firefighter Injury Award £m	Total £m
1,949.1	47.8	316.3	27.7	2,340.9	Present value of the defined benefit obligation	1,930.4	43.6	298.0	26.2	2,298.2
1,278.1	0.0	0.0	0.0	1,278.1	Less: Fair value of plan assets	1,397.2	0.0	0.0	0.0	1,397.2
671.0	**47.8**	**316.3**	**27.7**	**1,062.8**	**Net Liability arising from defined benefit obligation charge to CIES**	**533.2**	**43.6**	**298.0**	**26.2**	**901.1**
184.0	**3.1**	**59.7**	**3.4**	**250.2**	**Increase/decrease (-) in net liability from previous year**	**-137.7**	**-4.2**	**-18.3**	**-1.5**	**-161.8**

Note: The above table contains casting differences of £0.1m due to the rounding applied.

The liabilities show the underlying commitments that we have in the long run to pay retirement benefits. However, statutory arrangements for funding the deficit mean that our financial position remains healthy:

- LGPS - the deficit will be recovered by increased contributions over the remaining working life of employees, as assessed by the scheme actuary;
- Firefighters Pension Scheme - the deficit is paid by Central Government;
- Teachers' Pension Scheme - finance is provided by the Teachers Pensions Agency; and
- Firefighters' Injury Awards – these are financed through revenue budgets.

Note 38: Pooled budgets with health

Section 75 of the National Health Service Act 2006 allowed joint-working arrangements between NHS organisations and local authorities. Pooled funds allow these health organisations and local authorities to work together to tackle specific health issues. An important feature of the pool is that the way resources are used will depend on the needs of the clients who meet the conditions set for the pooled budget, rather than the contributions of the partners.

The table below summarises the financial transactions of the pooled budgets.

2020/21	Pooled budgets with health	2021/22			
Surplus(-)/ Deficit £ m		Our contribution £ m	Total pool £ m	Total spend £ m	Surplus(-)/ Deficit £ m
	Better Care Fund Pooled Budget - S75				
-0.4	~ Integrated community equipment service	1.7	5.8	5.5	-0.3
-1.0	~ Better Care Fund - revenue other	29.1	58.0	55.1	-2.9
-2.2	~ Disabled Facilities Capital Grant	0.0	5.1	3.7	-1.4
-3.6	**Total Better Care Fund**	**30.8**	**68.9**	**64.3**	**-4.6**
0.0	**Commissioning of Mental Health Services for Children & Young People**	0.9	4.5	4.5	0.0
0.0	**Community Dietics Service**	0.7	0.7	1.0	0.3
-3.6	**Total**	**32.4**	**74.1**	**69.8**	**-4.3**

Warwickshire County Council is the host authority for the Section 75 Pooled budget arrangement via the Better Care Fund. The strategic aims of the programme are:

- People are helped to remain healthy and independent;
- People are empowered to play an active role in managing their own care and the care they receive; and
- People get the right service at the right time and in the right place – which means services will envelop individuals close to their home.

Agreements for the financial years since 1 April 2015 have been agreed by us and the three Clinical Commissioning Groups (CCGs) in Warwickshire. Annual contributions are agreed by the Better Together Programme Board before the commencement of each financial year thereafter. The agreement sets out the basis of the governance arrangements and reporting requirements to both the Better Together Programme Board and the Health and Wellbeing Board.

The total pooled budget arrangement for 2021/22 is £68.9 million (£64.8 million in 2020/21) of which £5.1 million (£5.2 million in 2020/21) is capital funding for Disabled Facilities. Of the revenue element £33.0 million (£29.6 million in 2020/21) is held by the CCGs for them to commission services and of that £4.1 million (£3.9 million in 2020/21) has been passed back to the authority as part of a separate S75 Integrated Community Equipment Service agreement. A total of £30.8 million (£30.1 million in 2020/21) revenue funding was allocated by the council for commissioning services in accordance with the agreement.

The surplus and deficit at the end of the year on the Integrated Community Equipment Service and Better Care Fund Revenue respectively belong to the CCGs. The surplus at the end of the year on Disabled Facilities belongs to the District and Borough Councils of Warwickshire.

The S75 agreement for the Commissioning of Mental Health Services was agreed in 2018/19. The pooled resources total £4.5 million (£4.9 million in 2020/21) with any surplus or deficits remaining within the pool, to be allocated by agreement with the Partnership Board.

Note 39: Coventry and Warwickshire Business Rates Pool

The Coventry and Warwickshire Business Rates Pool was created on 1 April 2013 with seven member authorities: Warwickshire County Council, the five District and Borough Councils within Warwickshire and Coventry City Council. Warwickshire County Council is the lead authority for the pool and there is an agreed memorandum of understanding in place that determines how the Pool's resources are allocated. Under the agreement any surplus generated by the pool, will be shared between pool members. We have accounted for our share of the current surplus in the CIES and the pool surplus is held in our reserves until such times as it is distributed (note 7).

Note 40: Related parties and associated parties

Central Government
Central Government has effective control over our general duties – it is responsible for providing the legal framework within which we work, provides funding in the form of grants and sets the terms of many of the relationships that we have with other organisations. Details of the grants we receive from government departments are set out in note 24. Details of the balances with central government departments are shown in notes 15 and 17. Pooled budget arrangements with the Department of Health via Clinical Commissioning Groups are disclosed in note 38.

Elected Members
Elected Members of the council have direct control over our financial and operating policies. The total of Elected Members' allowances paid in 2021/22 is shown in note 35.

During 2021/22 £14.5 million (£26.9 million in 2020/21) was paid to entities in which elected members had an interest (this includes £13.5 million (£17.1 million in 2020/21) paid to District and Borough Councils in Warwickshire where they are also elected members).

During 2021/22 £7.0 million (£8.1 million in 2020/21) was received from entities in which elected members had an interest (this includes £5.4 million (£3.9 million in 2020/21) paid by District and Borough Councils in Warwickshire where they are also elected members.

Amounts owed to or by these councils are included in within the other public bodies figures disclosed elsewhere in this note. At 31 March 2022, no material amounts were owed to or by other entities in which elected members had an interest. Contracts were entered into in full compliance with our contract standing orders. The above figure includes any grants paid to voluntary groups in which elected members had positions on the governing body, including any made to organisations whose senior management included close members of the families of elected members. In all instances, grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussions or decisions relating to the grants. Details of all these transactions are recorded in the Register of Members' Interests, open to public inspection at Shire Hall. Details of the Members and the Committees and organisations for which they represent the authority are also available on the authority's website www.warwickshire.gov.uk.

Senior Officers

During 2021/22 payments of £0.7 million (2020/21 – £1.7 million) were made to organisations in which senior officers or members of their families had declared an interest. During 2021/22 payments of £1.6 million (2020/21 - £0) were received from organisations in which senior officers or members of their families had declared an interest. At 31 March 2022, no material amounts were owed to or by other entities in which senior officers or members of their families had declared an interest.

A number of senior officers and elected members represent us on the board of related companies (such as Warwick Technology Park Management Limited, Warwick Technology Park Management No 2 Limited, SCAPE Group Limited, and University of Warwick Science Park Innovation Centre Limited). In addition, a number of officers within the authority are directors of our three wholly owned Local Authority Trading Companies. You can see registers of members' and officers' interests at Shire Hall, Warwick or at the registered office of the company in question if this is not Shire Hall, Warwick.

Other Public Bodies

At the end of the year we owed £32.4 million (£33.5 million in 2020/21) to other local authorities, central government and public bodies including £6.8 million (£5.3 million in 2020/21) to Her Majesty's Revenue and Customs, and they owed us £46.8 million (£42.3 million in 2020/21), including £4.6 million (£3.9 million in 2020/21) from Her Majesty's Revenue and Customs. We charged the Warwickshire County Council Pension Fund £1.7 million (£1.6 million in 2020/21) for carrying out the administration work for the fund (not including payroll-processing costs).

Other Entities

We hold shares in the following companies as at 31 March 2022:

Company	WCC Share holding	Directors
Warwickshire Legal Services Trading Ltd	Wholly owned LATC - £1 ordinary share capital	Two officers appointed as directors
Educaterers Ltd	Wholly owned LATC - £1 ordinary share capital + working capital loan interest at market rate	Three officers appointed as directors
Warwickshire Property and Development Group Ltd	Wholly owned LATC - £100 ordinary share capital	One officer currently appointed as director - minimum three directors to be appointed by WCC
University of Warwick Science Park Innovation Centre Limited	19.9% of ordinary share capital. 1/6 voting rights £1,502,500 preference shares	One of six directors is appointed by us
Warwick Technology Park Management Company Limited	4.8% of called up share capital	One officer and one elected member as directors
Warwick Technology Park Management Company (No 2) Limited	0.2% of called up share capital	One officer and one elected member as directors.
Eastern Shire Purchasing Organisation (ESPO)	n/a	Two elected members from each authority on Management Committee
ESPO Trading Ltd - also owns 100% share capital in Eduzone Ltd	16.67% of called up share capital	No Directors appointed by WCC
SCAPE Group Limited	16.7% of the called up share capital	One of the six directors is appointed by us
Coventry and Warwickshire Local Enterprise Partnership Limited	No share capital and liability limited to £1.	Two type 'B' (public sector) directors to be appointed by us
Coventry and Solihull Waste Disposal Company	10,000 ordinary 'C' shares 1 representative on shareholder panel with 1% voting rights and 24% voting rights for matters relating to WCC SLA agreement	No right to appoint to board of Directors. 1% proxy vote unless WCC SLA related.
UK Municipal Bond Agency Plc	120,000 fully paid B shares of £0.01 each 180,000 ordinary shares of £0.01 each	No Directors appointed by WCC

We have two wholly owned local authority trading companies which started trading in 2017/18 and one that was incorporated in March 2021.

Warwickshire Legal Services Trading Ltd started trading on 1 October 2017. It provides legal services to other entities outside the Council and pays the authority for the services of our staff to carry out that work. This company has negligible assets.

Educaterers Ltd, providing meals services to schools, started trading on 1 September 2017. Most of the company's trading is with maintained schools in Warwickshire so that expenditure is already included in our CIES. Its accounts for the year to 30 August 2021 showed net liabilities of £8.7 million (£5.9 million for the year to 30 August 2020). This is mainly as a result of an increased pensions liability. Some authority staff transferred to the trading company and we gave a guarantee to pay any amount of employer's contributions due to the Warwickshire Pension Fund in respect of their pension liability if the company ever became insolvent and ceases trading. In 2021/22 we agreed to take on the full pension assets and liabilities of Educaterers Ltd (our wholly owned Local Authority Trading Company), adopting an approach to achieve a stable and appropriate contributions rate under a risk sharing agreement. This is shown as an impact of business combinations in our net pension scheme liability (see note 37). We have also agreed a working capital loan of up to £1.8 million as required initially up to 31 August 2022. Interest is charged at a market rate of 5.75% plus the Bank of England Base Rate per annum. At 31 March 2022 the balance on the loan was £1.6 million (£1.8 million at 31 March 2021). No dividends or profit distributions have yet been agreed for the trading periods up to 31 March 2022.

A wholly owned Local Authority Trading company was incorporated on 26 March 2021 called the Warwickshire Property and Development Group Ltd. At 31 March 2022 no assets had transferred to the company. Its accounts for the period ended 31 December 2021 showed an operating loss before tax for the year of £0.4 million. As at 31 March 2022 we had provided a working capital loan of £0.2 million. Interest is charged at a market rate of 3.44% above the UK 3-year gilt rate. In addition to the working capital loan there was an intercompany balance of £0.3 million outstanding at 31 March 2022. The reason for creating Warwickshire Property and Development Group Ltd is to deliver our policy objective of creating jobs and more homes across Warwickshire. The procurement of a joint venture partner to undertake the funding and development of assets is currently underway.

We have assessed these three companies, having due regard to the non-material external turnover of both entities and the potential effect of consolidating them into our financial statements both quantitatively and qualitatively. We have concluded there is no current need to consolidate them into our accounts. It is likely that our property company will have material assets and liabilities by 31 March 2023 and will need to be consolidated into our accounts for that year.

We are part of a purchasing partnership, Eastern Shires Purchasing Organisation (ESPO), with five other local authorities. Each authority is represented on the management committee by two elected members. There are controls in place so that none of our elected members are involved in letting our contracts. We received £0.6 million in dividends from ESPO in 2021/22 (£0.6 million in 2020/21). As part of ESPO's strategic growth plan, ESPO Trading Limited was incorporated on 27 February 2018. We own 100 of the 600 shares for which we paid £100. The company has been set up to be able to trade with organisations outside the public sector customer base. It has also purchased Eduzone Ltd in June 2018 (100 shares) since its incorporation, a company with a strong base in the providing products to the early years sector. We have not received any income in respect of these holdings in the year.

We also received dividends from the University of Warwick Science Park in the year totalling £0.1 million (£0.1 million in 2020/21) and from dividends from SCAPE in the year totalling £0.5 million (£0 in 2020/21). All dividend income received is shown as investment income in note 5.

We are part of the Coventry and Warwickshire Local Enterprise Partnership Limited (the LEP). This company is limited by guarantee and aims to co-ordinate public and private sector partners to develop the economy and increase prosperity. The LEP's four objectives are:

- To drive economic growth;
- To help remove barriers to economic growth;
- To help create high value jobs; and
- To co-ordinate local government co-operation and support.

The LEP also has a role in coordinating elements of government funding for growth, for example the Growing Places Fund.

The Gateway Alliance is a strategic partnership of primary schools in Warwickshire. It was created to provide professional development and school to school support following the reduction of Local Authority improvement services in 2011. The company is limited by guarantee and the members have confirmed that the governing documentation of the company contains the necessary provisions which are required pursuant to the School Company Regulations 2002. Under the regulations, all school companies are required to have a local authority as a supervising authority. Warwickshire is the supervising authority for the Gateway Alliance School Company.

West Midland Rail Ltd is a company limited by guarantee with a Board of Directors appointed from each of the 14 constituent member authorities and 2 affiliate member authorities for the purpose of providing local democratic strategic guidance for the specification of the new West Midlands rail franchise being let by the Department of Transport during 2017.

We are also a partner in a special company, Pride in Camp Hill Ltd. The company was set up in 2002/03 in partnership with the Homes and Communities Agency and Nuneaton and Bedworth Borough Council to carry out a redevelopment project in Camp Hill. Our initial share was £0.7 million and each partner is committed to funding the running costs of the company in equal shares until it completes its work, which is currently expected to be in 2023.

We are part of the Regional Adoption Agency via a shared service arrangement with Solihull Metropolitan Borough Council, Coventry City Council, Worcestershire County Council and Herefordshire Council. The Regional Adoption Agency is known as Adoption Central England. We have become the host authority to facilitate the operational delivery of the shared service, however governance arrangements ensure that all five authorities retain strategic responsibility for performance delivery and outcomes.

For 2021/22 our contribution was £1.1 million (£1.5 million in 2020/21) and we received £5.1 million (£4.3 million 2020/21) from the other local authorities and fees and charges. The total spend was £6.8 million (£5.7 million in 2020/21) and the overspend of £0.6 million was drawdown from earmarked ACE reserves (from prior year underspends). Therefore, the underspend belonging to the Agency for 2021/22 is £0 million (£0.1 million in 2020/21) and there remains a further £0.3 million in the reserve.

When the agency was created staff were seconded from partner authorities. On 1 October 2019 the staff were TUPEd (see glossary) across to the County Council and are now our employees.

The County Council, as administering authority on behalf of the Warwickshire Pension Fund is a shareholder in Borders to Coast Pension Partnership Limited. Borders to Coast is a wholly owned private limited company registered in England and Wales founded to carry out pension fund asset pooling obligations set out by the Government. The company provides the facility to pool the pension fund investments of eleven local authorities in order to gain the benefits of economies of scale: the concentration of expertise, improved ability to manage down investment costs and the benefits of investing on a larger scale. Each of the eleven local authorities is an equal joint owner of the company through purchase of a £1 class A ordinary share. The authority also owns £909,090 class B ordinary shares but these are not voting shares and do not give entitlement to dividends or other distributions of income.

The Firefighters' Pension Fund

2020/21 £m	Fund account	2021/22 £m
	Income to the fund	
	Contributions receivable (funds due to us during the year):	
	- from employer: Warwickshire County Council	
-2.7	- normal contributions in relation to pensionable pay	-2.9
-0.1	- early retirements	-0.1
-1.2	- from members (firefighters' contributions)	-1.2
-4.0	**Income to the fund**	**-4.2**
	Spending by the fund	
	Benefits payable:	
7.0	- Pension payments	7.3
0.7	- Commutation of pensions and lump-sum retirement benefits	3.2
7.7	**Spending by the fund**	**10.5**
3.7	**Net amount payable for the year (before top-up grant receivable from Government)**	**6.3**
-3.7	Top-up grant payable by the Government	-6.3
0.0	**Net amount payable or receivable (-) for the year**	**0.0**

31 March 2021 £m	Firefighters' Pension Fund net assets statement	31 March 2022 £m
	Current assets:	
0.0	- Top-up grant receivable from Government	2.3
0.0	- other current assets (other than assets in the future) ~ debtor	0.0
	Current liabilities:	
0.0	- other current liabilities (other than liabilities in the future)	-2.3
0.0	**Net assets or liabilities (-) at the end of the year**	**0.0**

Notes to the Firefighters' Pension Fund statements

Note 1: Fund operations

The Firefighters' Pension Scheme in England is an unfunded scheme. The employer promises to provide employees with benefits under the scheme but makes no advance funding in the scheme for those benefits. Benefits are paid directly by the employer when they become due. We are required to pay an employer's pension contribution based on a percentage of pay into the pension fund. Each Fire and Rescue authority must run a pension fund and the amounts that must be paid into and out of the pension fund are set by regulation. The legislation that controls its operation is the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The benefits payable are pensions to retired firefighters and/or widows/widowers of retired firefighters. The benefits paid and employee and employers contributions are administered through our human resources management system. The scheme has no investment assets.

The pension fund is balanced to nil at the end of the year by either paying over to the sponsoring government department the amount by which the amount receivable by (due to) the fund is more than the amount payable, or by receiving cash in the form of pension top-up grant from the sponsoring department equal to the amount by which the amount payable from (owed by) the pension fund for the year is more than the amount receivable. An amount of 80% of the estimated grant needed each year is paid to the fund by the Government during the year. The balance is only paid once the Pensions statement has been audited by our external auditors and a claim, certified by the authority's S151 officer, is submitted to the Government.

Note 2: Accounting policies

The financial statements are accounted for on an accruals basis. We did not use any estimation techniques in preparing the statements.

For assets and liabilities in the net asset statement the fair value is deemed to be the carrying value as they are both due within one year.

Note 3: Liabilities

The statements do not take account of any liabilities to pay pensions and other benefits after the period end i.e. 31 March 2022. Details of the long-term pension obligations, employees and employer's contribution rates and actuarial assumptions used in the required disclosures in accounts for the Firefighters' Pension Fund are found in note 37 to the accounts.

Note 4: Contribution levels

Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office (previously dealt with by the Department for Communities and Local Government) and are subject to triennial revaluation by the Actuary.

Note 5: AVCs and added years

Additional voluntary contributions are excluded from the accounts of the Pension Fund. However, where members of the scheme have brought added years within the scheme, these will be included in the Fund contributions.

Note 6: Debtors and creditors

The debtors and creditors for both years are amounts due to/from central government (balance of grant due to balance the account to nil). Other debtors and creditors for both years are the amounts due to or from Warwickshire County Council, the administering authority or tax not yet paid to HMRC. This year we have had less grant from the Home Office than we have needed, so they owe us more money. As the Firefighters' Pension Fund does not have its own separate bank account this means that this year, more money has been received by the County fund than paid out and is therefore owed by Warwickshire County Council to the Pension Fund. All amounts are due within 1 year.

Glossary

This section explains some of the more complicated terms that have been used in this document.

Accruals
Cost of goods and services received in the year but not yet paid for, or income earned but not yet received.

Actuarial gain (loss)
For pension assets, actuarial gains or losses happen when the actual return on investments in the pension fund is different from the expected return. For pension liabilities, actuarial gains and losses happen when the actual liability is different from the expected liability. For assumptions, actuarial gains or losses happen as a result of changes to the population or financial assumptions the actuary uses to work out the liability. Liabilities are valued in terms of 'today's money'.

Amortisation
The drop in value of intangible assets as they are used or become out of date.

Asset
An item which is purchased or created to be used by the Council.

Benefits we have awarded for added years
When a member of staff retires early because they are made redundant, we can give added years of scheme membership. We meet the costs of giving these added years, usually from the savings that will be made.

Budget
A statement of our spending plans for a financial year, which starts on 1 April and ends on 31 March.

Business rates (National Non-Domestic Rates)
Businesses pay these rates, set annually by government, to billing authorities instead of council tax. Business rates are shared between local authorities partly on the basis of need and partly on the basis of increased business rates generated locally. The amount each business is charged is based on multiplying the rateable value of each business property by the national rate in the pound.

Capital Adjustment Account
This account includes the value of capital charges to the Comprehensive Income and Expenditure Statement that do not directly affect the level of council tax.

Capital programme
Our plan of capital projects and future spending on buying land, buildings, vehicles and equipment.

Capital receipts
Income from selling assets that we would consider capital expenditure if we were the purchaser.

Capital spending
Spending on assets that have a lasting value, for example, land, buildings and large items of equipment such as computers or vehicles.

CIPFA
Chartered Institute of Public Finance and Accountancy

Contingent asset
A possible asset which may arise pending decisions that are not under our control.

Contingent liability
A possible liability which may arise when we know the outcome of outstanding claims made against us.

Council tax
A tax based on property which is retained by local authorities to fund their expenditure. In Warwickshire, the district or borough councils issue council tax bills and collect the council tax.

Creditors
People or organisations we owe money to for work, goods or services which have not been paid for by the end of the financial year.

Current assets
Short-term assets which constantly change in value such as stocks, debtors and bank balances.

Current liabilities
Short-term liabilities which are due to be paid in less than one year such as bank overdrafts and money owed to suppliers.

Current service cost
Officers employed during the year will have earned a year of pensionable service. The current service cost is the increase in the value of the pension scheme's liabilities arising from the employee service during the period.

Debtors
People who owe us money that is not paid by the end of the financial year.

Depreciation
The drop in the value of assets, for example, through wear and tear, age and becoming out of date.

Disclosure
Information we must show in the accounts under the Code.

Earmarked reserves
Money set aside for a specific purpose.

Fair value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

General reserves
Money set aside to be used in the future.

Historic cost
The cost of initial acquisition of an asset.

International Financial Reporting Standard (IFRS)
Standards on the way we need to treat certain items in our accounts.

Liabilities
Money we will have to pay to people or organisations in the future.

Material related-party transactions
Two or more organisations are 'related parties' if, during the year, one of them has some form of control over the other. By ‘material’ we mean of ‘significant value’.

Minimum revenue provision (MRP)
The amount we must set aside to repay loans.

Net book value
The value of an asset after depreciation.

Non-current asset
An asset which is expected to be used for more than 12 months.

Non-distributed costs
Costs which are not allocated to specific services, according to the Service Expenditure Reporting Code of Practice.

Past service costs
The past service cost is the extra liability that arises when we grant extra retirement benefits that did not exist before, such as when we agree early retirement or extra years of service.

Pensions interest cost and expected return on assets
The pensions interest cost is the increase in the value of the liabilities that arise because those liabilities are one year closer to being paid. The return on assets is the value of the return expected to be achieved on the fund's investments in the long term.

Provisions
Money set aside to meet specific service liabilities and to meet spending.

Reserves
Savings we have built up from surpluses or by not spending income which has conditions on its use.

Return on assets
The return on assets is the value of the return we expect to achieve on the Pension Fund's investments in the long term.

Revaluation Reserve
This account contains the difference between the amount paid for assets and the amount that they are currently worth.

Revenue spending
Spending on the day-to-day running of services - mainly wages, running expenses of buildings and equipment, and debt charges. These costs are met from council tax, business rates, government grants and fees and charges.

Revenue expenditure funded by capital under statute (REFCUS)
Spending on assets that have a lasting value, for example land and buildings, but which we do not own.

Settlement costs
Settlement costs arise when we make a lump-sum payment to a scheme member in exchange for their rights to receive certain pension benefits.

Specific grants
Payments from external bodies to cover local authority spending on a particular service or project.

TUPE - Transfer of Undertakings (Protection of Employment)
Regulations to protect employees if the business in which they are employed changes hands. Its effect is to move employees and any liabilities associated with them from the old employer to the new employer by operation of law.

Unrealised
A change in the market value which does not actually take place until an asset is sold.