Warwickshire County Council

STATEMENT OF ACCOUNTS

2021-2022

Warwickshire County Council

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Section A: Narrative Statement

Section B: Statement of Accounts

Section C: Warwickshire County Council Annual Governance Statement

Section D: Warwickshire Pension Fund Statement of Accounts

Introduction

I am pleased to introduce our Financial Accounts for 2021/22. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the year.

This narrative report is set out in five parts. The first provides some key information on what the Council does, how it does it and its plans for the future. The second part provides further detail on how we plan to resource the Council's activities. This section also considers the factors in the external environment that influence our decisions and highlights some of the key risks that we have identified to the delivery of our priorities. The third part summarises our financial and other performance in 2021/22 and our effectiveness in the use of our resources, while the fourth part describes our outlook moving forward into the new financial year. It includes some of the key pressures facing the Council over the next few years and the changes taking place in the Council to respond to those challenges. Finally, this report explains how the Financial Accounts for 2021/22 are prepared and set out.

The Covid-19 Pandemic has continued to have profound impacts, globally and locally, for public health, the economy, society and the environment. The County Council rose to the challenge of delivering a range of new services at short notice and provide existing services in different ways whilst reducing income generation opportunities and causing delays in the delivery of some of our key revenue and capital projects. Alongside responding to the immediate challenge presented by the Pandemic we have completed the delivery of our recovery strategy and developed a new Council Plan for the next 5 years to ensure the Council, residents and Warwickshire as a whole emerges from the Pandemic stronger than ever. Our efforts were supported by additional Government funding allowing us to continue this crucial work beyond the end the current financial year. The result is a highly unusual financial year with the impact of Covid visible throughout our financial statements.

Rob Powell
Strategic Director for Resources

Organisational overview

In February 2022 our new Council Plan was approved. The purpose of the Council Plan is to set out the top-level strategic direction of the Council and to articulate the Council's vision and ambition for Warwickshire. The Council Plan provides the necessary framework to deliver on our ambitions, through change management and innovation, and ensures there is a clear line of sight on delivery of the Council's core purpose and outcomes. Our ambition remains to make Warwickshire the best it can be, sustainable now and for future generations.

Our ambition for Warwickshire

Three strategic priorities

We want Warwickshire to have a **thriving economy and places** that have the right jobs, skills, education, and infrastructure.

We want to be a County where all **people can live their best lives**; where communities and individuals are supported to live safely, healthily, happily and independently.

We want to be **a County with a sustainable future** which means adapting to and mitigating climate change and meeting net zero commitments, so that our generation ensures future generations can live well and reap the benefits of a sustainable and thriving Warwickshire.

Seven areas of focus

- Create vibrant places with safe and inclusive communities
- Deliver major infrastructure, digital connectivity and improved transport options
- Promote inclusive, sustainable economic growth, successful business, good quality jobs and future skills
- Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero
- Deliver our Child Friendly Warwickshire strategy - Happy, healthy, safe children
- Through education, improve life opportunities for children, young people and those with special educational needs and disabilities
- Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities

To make this happen, we will be a great Council and partner: One which harnesses community power, uses data and digital solutions to improve service efficiency and is a great organisation to work in with outstanding leadership and a talented agile workforce.

The approach to developing the new Council Plan this year was fully integrated and can be described as - One Council, One Plan, One Budget. The Council Plan communicates our priorities over the next 5 years. It seeks simplicity within the complexity, breadth and inter-dependence of the Council's strategic role and service delivery, while ensuring sufficient flexibility to respond to rapidly changing, volatile and often ambiguous external conditions. Our Budget and Medium-Term Financial Strategy (MTFS) will translate the direction set out in the Council Plan into a sustainable financial strategy. This helps us to plan ahead, so we are able to meet our spending requirements, taking into account Government grants, Business Rates and Council Tax income. The financial strategy helps us to ensure our financial resilience and medium-term financial sustainability, so we can continue to provide high quality services to our residents.

There are a number of key themes to the strategy, setting out our areas of focus:

- The strong foundations through delivery against the Covid-19 Recovery Plan and our transformation programme, as reported to Cabinet in December 2021, and a continuation of work we have started;
- Early thinking and commitment to work with partners to develop a clear policy approach to the levelling up agenda;
- Joining up, connecting, and working as One Council to focus our collective efforts and maximise their impact for communities and residents;
- Building on our work on Community Powered Warwickshire and work done including our Social Investment and Green Shoots funds, Shielding hubs, Food Forum, Community testing etc.;
- A sharper focus on prioritisation to balance rapidly increasing demand with available resource and funding, and to optimise the Council's impact on our communities and residents; and
- Our commitment to working with partners and communities to identify solutions to the challenges we face; to build on existing strengths and successes and to learn and improve from our experiences.

We use reserves to manage financial risk and promote financial sustainability. Any reserves not needed to manage financial risk are used for time-limited investment to support the delivery of the Council's ambitions, to deliver savings and to reduce demand in future years.

The medium-term financial strategy will require regular reviews in order to remain dynamic, robust, ambitious and deliverable, and will be updated at least annually.

Politically, Warwickshire County Council has 57 councillors, who are elected every four years. The last elections were held on 6 May 2021. The current political composition of the Council is 42 Conservative members, 6 Labour members, 5 Liberal Democrat members, 3 Green Party members and one Independent. The Council makes its decisions via a Cabinet of nine members (in 2021/22) including the Leader of the Council, Cllr Izzi Seccombe OBE. Warwickshire's Councillors are responsible for setting the strategic direction of the Council and for scrutinising performance. Further details of the governance arrangements in the Council are included in the Annual Governance Statement, included within this document.

Organisationally, in 2021/22 Warwickshire operated through three Directorates: Communities (including Fire and Rescue and Education), People (including Public Health) and Resources. Each Directorate is headed by a Strategic Director who sits on the Council's Corporate Board along with the Chief Executive. Services within each Directorate have plans in place which correspond to the budget set for them by Council and the key outcomes within the Council Plan. Each service has Key Performance Indicators which are monitored and included in quarterly performance reports to Directorate Leadership Teams and Members.

At the end of the year we had the equivalent of 4,156 full-time employees and just under a third of our spending each year is on staffing. This is an increase of 120 full-time employees from last year as planned organisational change and Pandemic response has resulted in a strengthening of our teams in several areas. Warwickshire's employees are responsible for translating Councillors' strategic decisions into actions. Our Workforce Strategy sets out the key principles to ensure we have a workforce that is fit for purpose to deliver the Council Plan.

The Council collaborates with a number of external partner organisations to plan and deliver its intended outcomes. These include the neighbouring councils of Coventry City Council, Solihull Metropolitan Borough Council, and the five Warwickshire District and Borough Councils. We are a non-constituent member of the West Midlands Combined Authority and a member of the Coventry and Warwickshire Local Enterprise Partnership. We work closely with local NHS organisations, particularly through the Health and Wellbeing Board and the Coventry and Warwickshire Integrated Care System. We also work with a number of other bodies, including:

- Central Government departments and ministries;
- National and local voluntary and community sector organisations, and charities;
- Academy schools and academy trusts in Warwickshire;
- Local universities and other academic organisations;
- Local industry and businesses; and
- Town and parish councils in Warwickshire.

Further details of the Council's key priorities, plans and outcomes are available in the Council Plan.

Resourcing our activities

The medium-term financial strategy underpins the delivery of the Council Plan and is agreed as part of the budget-setting process which concludes in February each year. Taking a medium-term approach allows for a more coordinated and planned approach to prioritisation and allows services to focus on delivery knowing the financial limits and constraints within which they are required to operate. Within the budget resolutions, the Council confirms and applies a number of fundamental financial strategies and policies.

Revenue and capital spending

We spend our resources in two ways, through revenue and capital spending. Broadly, our revenue spending relates to income received in year and spending on items used in the year. Most of our salary costs are included in revenue expenditure. Our capital spending relates to items we have bought, created, or improved and which will be used for more than one year. An annualised amount is charged to our revenue accounts to reflect the economic use of assets each year to provide services. This accounting charge does not reduce our revenue resources but borrowing to fund our capital expenditure does.

Revenue allocations are made to services through a process which balances demand forecasts, inflation and other price increases, commitment to our statutory duties and the investment choices which the Council wishes to make to improve services or reduce costs. By law, we must set a balanced budget which ensures that the Council meets not only its existing commitments but also remains on a firm footing for the future.

Revenue Resources Original gross budget at start of year	**2021/22** £m	**2022/23** £m
Business Rates	67.7	73.6
Council Tax	293.0	305.2
Total Unconditional Revenue Resources (Gross)	360.7	378.8
Specific Government Grants	84.3	115.0
Adult Social Care Levy	30.7	38.0
Customer and Client Receipts	131.2	107.8
Dedicated Schools Grant	246.3	249.1
Total Revenue Resources	853.2	888.7

Adult Social Care is the third largest area of revenue spending after schools and Children and Education. Each year since 2016-17 the Government has permitted local authorities to levy an additional amount on top of their normal council tax increase each year, with this additional funding to be ring-fenced for use in adult social care. We have taken the additional levy (2% for each year between 2016/17 and 2020/21 as well as for 2022/23, and 1% in 2021/22) and have increased the resources available to deliver adult social care by at least the amount raised this way.

The figures shown above for specific Government grants include a number of grants which come with conditions that limit our discretion in how they can be used. The largest of these is the Dedicated Schools Grant which we receive from Government to meet the cost of funding schools and relevant pupil-related services; this is presented separately in the table above. We are continuously reviewing how we deploy these resources for maximum strategic effectiveness.

Our capital spending power is the combination of external income which must be spent on capital (such as specific grants or contributions and the receipts from the sale of our assets) and the extent to which the Council is willing to meet the costs associated with borrowing money from its revenue resources.

Capital Resources Budget for the year after adjusting for previous year's outturn	**2021/22** £m	**2022/23** £m	**2023/24 and later** £m
Capital Grants and Contributions	148.8	90.7	109.1
Receipts from the Sale of Assets	29.2	9.0	125.3
Direct Application of Revenue Resources	1.3	0.5	0.1
Borrowing (to be repaid from revenue resources)	39.9	74.9	216.1
Total Capital Resources	219.2	175.1	450.6

(Note: the 2022/23 and later years' figures will be updated before the accounts are finalised to reflect the rephasing of the capital programme as a result of the 2021/22 end of year position)

Our capital allocations are made in line with our Capital Strategy, which includes three key elements: capital maintenance works to ensure our assets continue to be fit for purpose and able to support the provision of services; replacement of assets that have reached the end of their useful life and capital investment to create and develop new assets. Each element has a number of strands that ensure a clear focus on the purpose of capital spending and the prioritisation of proposals, underpinned by specific service asset management strategies.

Allocations included in the maintenance programme meet one of the following three criteria:

- Maintaining our assets to ensure services can continue to be delivered;
- Statutory health and safety and other regulatory requirements; and
- Annual equipment and/or vehicle replacement programmes.

Our annual maintenance programme includes allocations from the Government grants received for schools and highways maintenance plus revenue funding used for the replacement of vehicles, where this is more cost effective than leasing the vehicle. We also finance some maintenance from borrowing.

For 2022/23 a new Asset Replacement Fund has been created to alleviate pressure on service revenue budgets accumulating underspends to fund costs of replacing vehicles, plant and equipment and to avoid the depletion of capital resources set aside for investment. This will be funded from corporate borrowing.

Investment schemes are, by their nature, not routine and so are only considered if they move the organisation towards the delivery of our outcomes or are invest-to-save schemes. Where we have discretion in how to apply capital financing, we use a structured evaluation process that assesses:

- What we are trying to achieve for the Warwickshire residents, businesses and visitors by investing in particular assets;
- The contribution of the new assets to the delivery of corporate outcomes;
- The financial costs and benefits over the short, medium and long-term;
- The risks inherent in the delivery of the scheme itself and the expected benefits, with a focus on better up-front planning and timetabling; and
- The contribution the new asset can make to addressing the Climate Change Emergency.

Investment schemes may be funded by any of the sources in the above table, and often a combination of these.

Savings and efficiencies

The resource estimates shown above reflect the impact of Pandemic and the broader economic outlook. The Council has a strong track record of delivering savings which has served us well this year through some challenging financial times. The Council Plan and the Medium-Term Financial Strategy aim to further this success, maintaining strategies of investment for longer term savings and, as far as possible in an environment of high and rising inflation, prioritising finding new ways of working rather than service reductions. The key themes are better procurement, improvements in efficiency, increased income and delivering reductions in demand. The Medium-Term Financial Strategy tasks the authority with finding £65.7m of savings over the next 5 years.

Reserves

Reserves are resources we have accumulated over time and set aside for a particular purpose as part of an integrated approach to the effective financial management of the authority over the short, medium and long-term.

We hold reserves to:

- Ensure future events outside of our control do not undermine the authority's overall financial position or impact on service delivery;
- Plan for the effective use of resources over time for a specific purpose;
- Ensure we meet funding conditions (set either by an external funding body or a specific decision of Members) in our use of any available resources; and
- Retain any other accumulated underspends prior to decisions on their use.

Our budget is set to include anticipated levels of reserves added or drawn down in the year; these plans may change as the year progresses to react to emerging pressures or other events and are approved in our quarterly monitoring process. Some reserves are held at a corporate level to support overarching risks and strategies.

The level of general reserves is consistent with the overall financial environment and the key financial risks faced by the Council. These risks are assessed at least annually and take account of circumstances at the time of assessment as well as trends into the future.

The Medium-Term Financial Strategy includes the planned use of £41.1m of the Available-for-Use reserve.

Reserves Balances at start of year	**2021/22** £m	**2022/23** £m
Management of Risk	18.8	15.6
Available to Use Reserve	42.0	48.8
Earmarked Reserves	70.7	83.3
General Reserves	21.4	26.0
Specific Investment (including Covid funding)	70.2	47.7
Schools	21.3	23.1
Total Reserves	244.4	244.5

Borrowing and investments

We undertake treasury management activities in a prudent and flexible manner so as to ensure we retain sufficient liquid funds to provide for day-to-day cashflow requirements whilst funding our capital spend at the lowest cost. These activities are managed within an overall framework determined by the Treasury Management Strategy which is updated and approved by Members annually. Interest income and expenditure as a result of investments or borrowing is reflected in our revenue budgets.

Pensions

The majority of the Council's employees (excluding schools) are members of the Warwickshire Local Government Pension Scheme, and the Council administers the fund that supports the Scheme. As a defined benefit scheme, the Scheme is shown as a long-term liability in our accounts. However, statutory arrangements for funding this deficit are in place, including increased contributions over the working life of employees, and means that our financial position remains healthy.

Both the accounts for the County Council and the Pension Fund are included in this document, though they are operated as independent entities. The County Council's accounts reflect the pension disclosures relating only to its own employees. This includes disclosures for those staff with alternative pension schemes, such as Teachers and Firefighters.

Management of Risk

The successful delivery of the Council Plan and our sustainability into the future are dependent on our ability to manage and respond to the risks we face. Many potential issues will remain on the strategic risk register and be regularly monitored, while others are actively managed to reduce the risk or its impact. Further information can be found in the Annual Governance Statement section within this document.

Our performance in 2021/22

Over the last year we have continued to respond to the changing demands of the COVID-19 Pandemic, following Government guidelines and advice. As the national focus moved towards learning to live with COVID-19, locally our Recovery Plan which identifies our priorities and aids us to get back to a more normal state was implemented, following final Cabinet approval in September 2020. Our key principles have shaped our response this year:

- Target recovery activity and support to where most needed through evidence-based decisions and focusing on priority outcomes and agreed priorities.
- Stabilise and accelerate the recovery for Warwickshire's people, places, and businesses, including the recovery of Council Tax and Business Rates;
- Tackle inequalities - helping our most vulnerable and disadvantaged citizens and communities overcome the negative impacts of COVID-19;
- Join up and work in Partnership - maximise connections with partners (public services, private sector, communities, voluntary sector, and citizens) to speed up recovery;
- Focus on long-term environmental challenges - use recovery efforts to accelerate Warwickshire's climate change ambitions; and
- Apply our learning from COVID-19 - utilise learning and good practice to improve the Council as an organisation, deepen collaboration and partnership working, and strengthen place and systems-based working across Warwickshire.

The full COVID-19 Recovery Plan comprises 10 recovery priorities and the key achievements are summarised below.

Priority 1 - Contain the virus and promote physical and mental health and well-being: Promote the health and wellbeing of our communities, contain the spread of COVID-19 locally and target action to protect our most vulnerable residents and communities.

Across the last year there are numerous key achievements in this priority area. Our outbreak control plan continues to be utilised as and when required. Encouragingly, over the course of the Pandemic, the overall number of COVID-19 cases and death rates in Warwickshire per 100,000 population is lower than both the national and regional figure. The County Council's contact tracing team has taken over the role of National Test and Trace contacting up to 4,000 residents a week and operating 7 days a week, receiving positive feedback from the Department of Health and Social Care. Our lateral flow testing (LFT) operation, built in December 2020 to provide asymptomatic COVID-19 testing from 6 static testing sites and a mobile offer, was slimmed down, and refocused from July 2021 onto 'disproportionately impacted groups'. A Warwickshire wide COVID-19 vaccination programme was implemented at speed in line with Government requirements, alongside a programme of Flu vaccinations in the winter period resulting in an overall increase in vaccination uptake.

Ongoing preventative initiatives such as Wellbeing for Life and Fitter Futures continue to reduce pressures on NHS services. Our Health and Wellbeing Strategy was published and highlights our vision for improving the Health and Wellbeing of our citizens, supporting our local economy and our staff. Our Well-being for Life "Plan on a Page" has been finalised covering the promotion of 5 ways to well-being, work-place well-being (Thrive at work), obesity and mental health.

A £1m Social Investment Fund was launched to enable targeted interventions to support Warwickshire's communities and enable community-based support for those disproportionately impacted by COVID-19 such as extending or introducing specialist support; or providing additional community-based support.

Priority 2 - Maintain resilient and sustainable services: Manage increased demand for service.

Key achievements supporting this priority for include the commissioning of new mental health and wellbeing support services for adults strengthening our support offer to local residents.

We continue to support the care market, taking a mutual aid approach, to respond to infection, prevention, and control; testing; vaccination; recruitment and retention as well as financial pressures. We passported national funds quickly and maintained our temporary payment terms.

A recent peer review of Adult Social Care including our start with strengths approach was highlighted as good practice and enables us to manage our demand and sustain positive achievements as a result of our adult transformation programme. We have successfully leveraged our voluntary sector opportunities to support our health and care services through community engagement.

Last year Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspected the Warwickshire Fire and Rescue Service (WFRS) and its response to the Pandemic, reporting their findings that WFRS had maintained its statutory functions and made good use of its staff to carry out additional duties to support the community during the Pandemic.

The demand for our virtual library services continues to rise with on average, approx. 20,000 eAudio and eBook titles are now downloaded, approx. 50,000 eNewspaper issues are read and approx. 70,000 searches every month.

Priority 3 - Help our children and young people catch up on their education: By returning to learning, improving access to digital resources, and tackling attainment gaps.

Key achievements for this priority include continuing to support and advise early years settings, schools and colleges with their COVID-19 response, recovery, and resilience plans. Despite continued disruption across recent academic years pupil attendance remains high with an overall rate being in line with National and West Midlands rates.

The Department for Education published attainment data for last year shows that Warwickshire continues to perform strongly in GCSE results when compared nationally, regionally and with our statistical neighbours. This trend is also apparent for Warwickshire pupils who have a statement of Special Educational Needs (SEN). However, disadvantaged Warwickshire pupils do not perform so well against benchmarks and addressing this remains a key focus.

All education providers have been given the chance to bid for post-16 transition funding and future careers funding to support the engagement with skills and training programmes. Further progress was made on the delivery of our Special Educational Needs & Disabilities (SEND) Change and Inclusion transformation programme incorporating the outcomes of the recent Ofsted local area inspection. Career advice to vulnerable and disadvantaged young people including apprenticeships and supported internships has increased and is continuing.

Our new Children's and Young People strategy was approved, and our Child Friendly Warwickshire programme launched.

Priority 4 – Harness the power of our communities to tackle inequality and social exclusion: Champion equality and tackle the effects of poverty, vulnerability, isolation, loneliness, and domestic violence: and support this by promoting increased and sustainable social action, volunteering, and community capacity.

A £1m Social Impact Fund was launched supporting voluntary, community, and social enterprises to address inequalities in areas most affected by COVID-19. The Local Welfare Scheme continues to help our most vulnerable residents, helping cover the cost of food, energy, water bills and other essentials. Since December 2020, successfully distributing its £1.89m allocation of DWP's COVID-19 Winter Grant Scheme, £1.63m COVID-19 Local Support Grant and £3.47m Household Support Fund, achieving high redemption and take up rates. By working with the Citizens Advice network, we are ensuring there is appropriate specialist debt provision across the county, focusing on financial difficulties that have arisen as a result of COVID-19. Our Warwickshire Food Forum co-ordinates county wide work to tackle food poverty including the establishment of a food strategy to understand priorities and gaps in provision, food banks, and the development of three community supermarket pilots. We proactively supported those families eligible for benefits related free school meals with the cost of food for their children over all the school holiday periods. This cohort of children has been supported throughout the Pandemic through the Local Welfare Scheme, School Holiday Support Scheme or more recently in 2021/22 through automatic vouchers via grant funding through the Household Support Fund.

We have launched a £1.3m COVID-19 Mental Wellbeing and Resilience Programme with four strands. Our COVID-19 Mental Wellbeing Resilience Fund funded thirty-six successful bids and awarded £177k to support 100 schools to develop their mental wellbeing curriculum.

In addition, we are developing a loneliness and social isolation awareness raising campaign, which will include training for Council staff to better identify people who are experiencing loneliness, signposting them to the support they need.

Working with our delivery partner, New Local, we are progressing an ambitious Community Powered Warwickshire programme, underpinning the Council Plan and we continue to establish voluntary and community programmes to build on the achievements of the COVID-19 response effort.

The Warwickshire Community And Voluntary Action (WCAVA) is developing an action plan for volunteers for carers and are engaging carer organisations to understand both their short and long-term needs and an employment pathway into Volunteering placements is being explored; we are also developing a service offer specification for our support to the voluntary and community sector; WCAVA continue to work with the Carers Trust, the Trust Partnership, and Warwick Young Carers, to develop volunteer roles and bring volunteers into these organisations; we are attempting to measure the social value of volunteering to be able to highlight the benefit to the community; a participation and engagement framework is being developed, establishing a residents' panel and developing our wider approach to consultation with local residents to better inform and test our policy and performance; six programmes are now in delivery with the aim of reducing loneliness and isolation and we have developed a framework with Coventry University to evaluate their impact; the commissioning of a domestic abuse support and accommodation service has been concluded with Refuge now delivering the service from 2021 to 2026 and a Tackling Social Inequalities Strategy has been developed and delivery on this programme of work is now underway.

Our Councillor Grant programme, which provides each of Warwickshire's County Councillors a fund of £6k to invest in small-scale projects that will make a difference to their areas, received 259 applications for support.

Priority 5 – Support business and grow the economy: Build confidence in local businesses. Re-purpose town centres and create the conditions for business innovation and investment to drive economic growth.

Our key achievements in this priority include continuing proactive work with our key partners, including the Chamber of Commerce, Federation of Small Businesses, Coventry and Warwickshire Local Enterprise Partnership and Growth Hub, Coventry City Council, and the District & Borough Councils to co-ordinate our support measures to ensure a rapid and coherent response to support our economy.

In addition to the support provided by Government, we developed an economic recovery package, which includes a range of support measures providing locally tailored help to our businesses and economy. Our Survive, Sustain, Grow programme offers supported 600 businesses with bespoke advice and support to review and refocus their business plan to adjust to the Pandemic and explore new growth opportunities. Digital training for retail businesses provided specialist support to retailers to help them both create and maximise their on-line presence. The Adapt & Diversify scheme, allocated £1.5m of small grants to 120 businesses to help them invest in new activity that would enable them to exploit new growth opportunities. Our employee well-being support programme was extended to small businesses across the county to provide help and advice to employees who may be struggling, receiving positive feedback.

We supported our struggling tourism economy with a marketing and promotion campaign for Warwickshire engaging national press and media outlets, reaching an audience of around 47m people, actively engaging over 50,000 people in campaigns and competitions. Other targeted work supports local economies during the Pandemic and focusses on future growth opportunities, including the Tech Challenge which is a competitive fund challenging our local digital creative sector to develop innovative new approaches to support our town centres recover from the Pandemic through new digital platforms that town centres and local businesses can utilise.

The Art Challenge uses the Getting Building Fund in a programme working with local artists and creatives to develop 8 art installations in 2022 across our town centres to creating new focal points. The fund was also used to provide investment to develop new employment space for the digital creative and gaming sector in Leamington Spa, providing additional space to support a priority sector which experienced strong growth during the Pandemic. Our Warwickshire Future Places work with the Institute of Place Management is a series of interactive workshops and learning sessions with partners, stakeholders, and representatives of our town centres to explore future drivers of change and opportunities, providing a toolkit to help local areas develop recovery and growth plans for their towns.

Priority 6 – Stimulate job creation and skills: Work with our partners in the Local Enterprise Partnership and higher and further education, to invest in getting people back into employment, or starting their careers, supporting skills, training, and re-learning.

Key achievements for this priority included early preparation for the end of the Government’s Furlough scheme by creating a service to provide redundancy support for employers. A digital careers offer was developed providing video content showcasing a range of different sectors, career, and training opportunities available. Grant funding supported schools to adapt their careers offer in light of restrictions preventing work experience in workplaces, and a transition fund enabling further education and training providers to undertake activities and induction programmes over the summer for school leavers. Warwickshire Skills Hub launched in September 2021 supports residents make the most of their employability through upskilling and / re-skilling.

Our Fair Chance Employer Programme supports businesses to become more inclusive and provide opportunities for key priority groups including care leavers, older workers, and those with special educational needs and disabilities (SEND). We are continuing the Apprenticeship Progression Programme which experiences a steady flow of applications. New training programmes such as the Government’s "Restart Scheme" is supporting us to meet many emerging skills gaps.

There has been an 80% increase in employer enquiries wanting to offer training and work opportunities as they build back their workforce. Adult Community Learning has been reviewed to take account of the changing requirements as a result of COVID-19.

Priority 7 – Invest in regeneration and a sustainable future: Invest in the regeneration of local areas, support housing growth, a fit for the future digital infrastructure and sustainable transport.

Key achievements supporting this priority includes the commencement of the £140m Warwickshire Recovery and Investment Fund which will stimulate the County's economy, create up to 3,400 jobs, support local businesses and bring investment into the County over the next 5 years. It is anticipated leverage of up to £104m from the private sector, up to £35m from the public sector and provide an annual regional Gross Value Added of up to £160m.

We have established our own property company, the Warwickshire Property and Development Group (WPDG), to support area regeneration and make the most of our land assets. The company's business plan forecasts delivery of 2,200 units of housing, alongside developments in the industrial, tourism and retail markets. We continue to work in partnership with the District & Borough Councils and Homes England to deliver the housing needs of Warwickshire and support the recovery of our local economy developing a priority worker help to buy scheme as an option, where appropriate, for new builds developed by the WPDG.

An ambitious programme of cycling infrastructure schemes is delivering 29 km of new or upgraded cycling infrastructure. Active travel is promoted through road safety education and support to schools, businesses, partners, and communities to develop sustainable travel plans. We are utilising funding secured from the Office for Zero Emission Vehicles and the Getting Building Fund by installing 90 twin headed charge points across the county, predominantly in District & Borough off-street car parks, with some located on-street in our town centres and smaller market towns.

We have secured funding for the roll out of fibre broadband for Warwickshire, and proactively support the roll out of 4G and 5G mobile phone connectivity. Evidence from Mobile Network operators continues to show progress against the upgrade to masts, providing improved 4G in rural areas and 5G delivery in more urban areas including Warwick, Nuneaton, Leamington, Kenilworth, Stratford and Atherstone.

The Customer Service Centre answered 234105 calls over the year and we are proud that customer satisfaction levels have remained high with an average of 89.4%

24929 community safety contacts by Warwickshire Fire and Rescue Service.

Recovered energy from over 77% of our residual waste.

89%

of Warwickshire pupils attended schools (including nursery schools) judged Good or Outstanding by Ofsted.

Our business support programmes have helped clients raise over £3m of investment.

3645 incidents were attended by Warwickshire Fire and Rescue Service.

Heritage and Cultural Services have seen a 5.01% increase in uptake in services through digital channels.

Priority 8 – Climate Change: Make sustainability and tackling climate change central to our recovery so that we lay the foundations for a sustainable long-term future.

Key achievements this year include sustained reductions in carbon emissions in 2021/22 where 7,822 tonnes, a reduction of 31% compared to pre-Pandemic levels of 11,395 tonnes, comprising;

- 31% reduction in total; and
- 58% reduction in staff business travel emissions.

A Climate Change Impact Assessment has been completed identifying areas and services most at risk of future extreme weather, vulnerabilities, mitigation, and priority actions.

Residents and local businesses benefitted from the introduction of a collective Green Energy purchasing scheme and residents were able to take advantage of cheaper energy suppliers through our "Switch and Save" scheme. Energy reduction plans in Council buildings have been developed and are being implemented.

We supported delivery of a Coventry and Warwickshire COP26 conference in March 2022 with key partners in the spring involving key public, private and voluntary sector partners across the sub-region sharing good practice, aligning plans and jointly committing to collaboration on decarbonising the sub-region.

We implemented the first Local Government Biodiversity Net Gain in the UK requiring developers to deliver a wider range of environmental benefits over and above the full environmental impact of the proposed development e.g., air quality, flood risk management.

Our innovative "Green Shoots" community climate change programme is underway with local organisations bidding for support for green initiatives. 110 applications to a total of £1.3m has been received, and £625k for 69 schemes awarded. The scheme was featured as a Local Government Association (LGA) case study and was showcased at COP26 in Glasgow. We have also funded an additional 4 projects to the value of £10,000 for implementation by schools following a Young Green Shoots initiative.

The Road Safety team has been working with 80 Warwickshire Schools as part of the Safe and Active Travel Awards programme which combines road safety, environmental benefits, sustainable travel and health activities. Work is also ongoing on the Safe and Active Travel scheme with workplaces and the wider community.

We have been awarded a grant to develop a plan for net zero heating in several Council premises. We have developed an ambitious estates rationalisation plan helping to reduce the office footprint.

The rural tree planting scheme will contribute to Warwickshire's commitment to plant one tree for every resident, working closely with our District and Borough colleagues, with over 1,800 trees being planted in 2021 and to be recorded on the West Midlands Virtual Forest. The Council's tenants have been supported to plant over 1,000 trees on the County Council's farms as part of a 2-year Local Authority Treescape Fund grant.

Priority 9 – Develop our people and future ways of working: Invest in a sustainable and resilient workforce through recovery, learning from COVID-19 to embed flexible working, promote well-being and develop new ways of working.

Key achievements supporting this priority include developing our Employer Brand, which focuses on the powerful impact our people can have on others through their work and comprises of 3 'pillars': working with passion and purpose; explore and further your career; and improving at every opportunity.

We continue to strengthen our focus on Equality, Diversity, and Inclusion (EDI) by revamping the council EDI group and growing our staff networks to engage with staff on a range of issues. Our pay gap information is positive and favourable compared to the national picture and our staff surveys indicate that 83% of staff agree that the Council values equality and diversity in the workplace.

Our agile working programme has been implemented to enable work to be “what you do and not ,when and where you do it”, building a sustainable and resilient workforce.

A staff engagement strategy has been developed to build on our “staff check-in” approach implemented during COVID-19, with our staff engagement index increasing from 70% to 74% compared to a benchmark average of 57% and the Local Government benchmark of 54%.

We have achieved bronze Thrive at Work accreditation and are working towards the Silver accreditation, while our sustainable and resilient workforce project has been implemented to support the well-being of our staff achieving a reduction in sickness absence from 10.9 days per FTE, to 8.50 days in December 2021. Our Estates Masterplan programme is being developed to reflect our ongoing needs across the Council and reduce our carbon footprint and we have developed our building re-instatement plan to ensure our buildings are COVID-19 safe and to support hybrid working through digital technology.

Priority 10 – Deliver high performance by harnessing digital, data and making the most effective use of our resources: Use data and technology solutions to drive investments and high performance; and develop a new framework to measure performance, investments, and financial management.

Our key achievements this year for this priority include progressing our plan to digitise our records and remove our reliance on paper across our operations with over 4,900 boxes and circa 29,000 files submitted through our records storage process. We are also continuing to develop our Microsoft functionality and to create a common approach to records storage.

We are working to ensure our strategy is evidence-led with improvements including data providing real-time reporting and performance information. Our customer service standards underwent a full review during the COVID-19 recovery period, and despite the changing working practices and increased demand on our customer-facing services, we continue to comply with the standards and demonstrate many areas of good practice.

Our Council Plan and Performance Management Framework have been refreshed and incorporate the continuing work to recover from the ongoing and longer-term impacts of the Pandemic alongside our usual Service offer.

We have also been successful in receiving awards across the year:

- Warwickshire County Council’s Legal Services team have been recognised and celebrated for their outstanding achievements in contributing to the local community, winning two awards at this year’s national Lawyers in Local Government Awards. Warwickshire Legal Services were named Governance Team of the Year and one of the team members was awarded the title of Legal Professional of the Year at the sixth annual awards ceremony, celebrating the most dedicated and engaged professionals across local government legal practice.
- We retained our LEXEL accreditation which is a legal practice quality mark for client care, compliance, and practice management. It sets the standard for client care; risk management; people management; structure and strategy; financial management; information management as well as file and case management.
- We retained or ISO14001 accreditation
- We won the Young Authority of the Year 2022 and first full-time roles secured for the 1st cohort of the National Graduate Development programme.
- 2 of our National Trainees were awarded Highly Commended at the awards too.
- The Association for Public Service Excellence Award was achieved for collaborative working across

Community Safety & regulatory services in regard to our response to Covid-19

We have benefitted from a number of Service inspections this year including Children's Services, Ofsted has now published its report on and stated that Warwickshire is 'good'. We are all delighted by the report having previously been marked as 'requires improvement' during the last inspection in May 2017. The latest inspection, published in a report on 1 February 2022, found that children and families in Warwickshire benefit from consistently good quality services at an early stage, making a real difference to their lives. Ofsted found that WCC social workers listen carefully to children and make sure that children's views inform decision-making. Our social workers were found to be building stronger, more trusting relationships with families, giving parents confidence to develop their parenting skills.

The outcome of the latest HMICFRS inspection for Warwickshire Fire and Rescue Service was published in January 2022 and we were judged as "needing improvement" overall. A detailed action plan has been developed and implemented to address the areas found to be needing improvement.

Our LGA Peer Challenge was conducted in March 2022. The full report was published in April highlighting the impact of our transformation programme and endorsing our plans for the future.

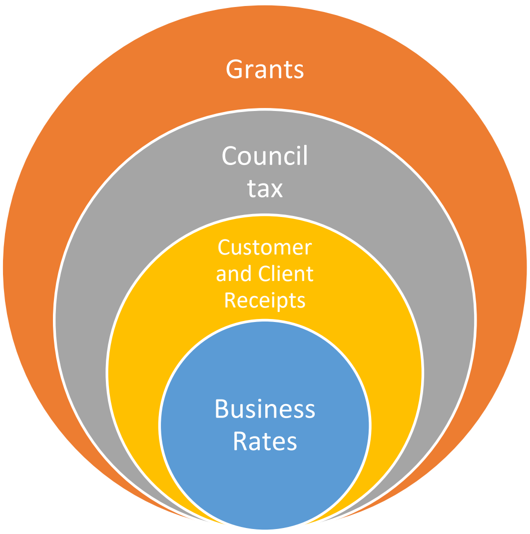
Financial performance

Revenue income and expenditure

Our total revenue income from all sources in 2021/22 was £923.6 million, £70.4m higher than the gross income budget at the beginning of the year. The increase is attributable to higher than anticipated government grants (largely relating to Covid-19 and offset by the cost of services provided) and an increase in receipts from customers for services provided.

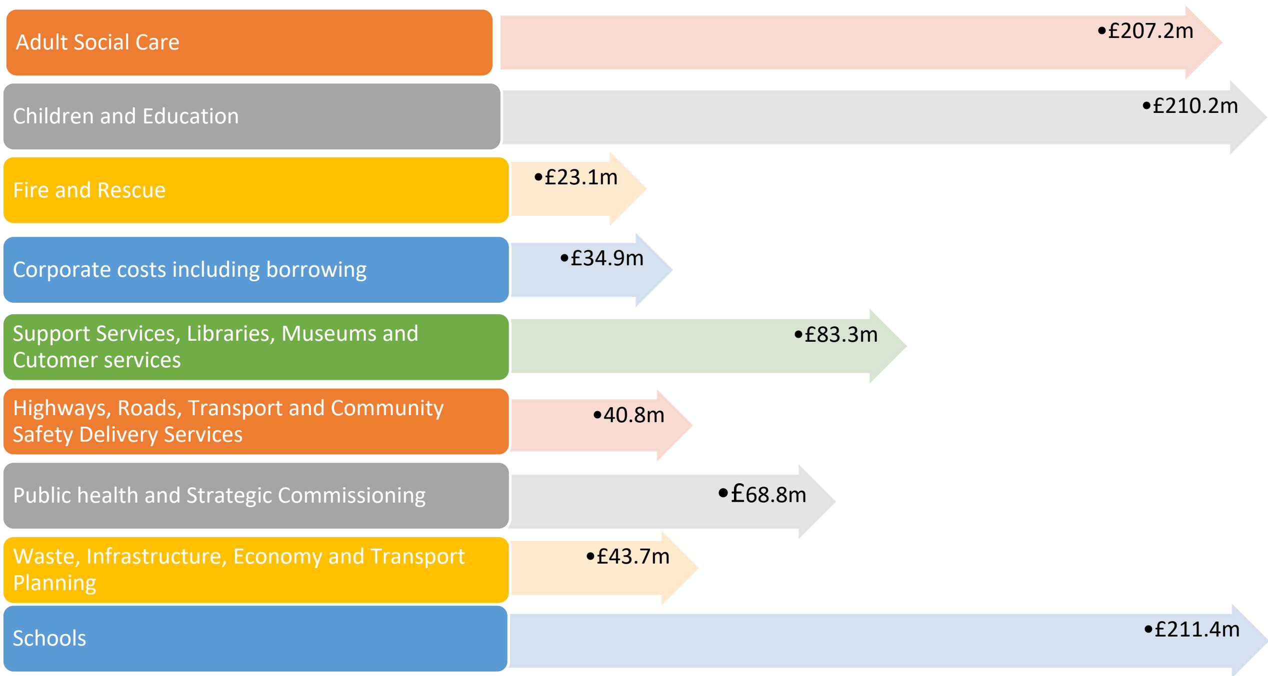
Revenue Income

Grants	**£404.7m**
Council tax (inc. Adult Social Care Levy and deficit from previous years)	**£322.2m**
Customer and Client Receipts	**£136.4m**
Business rates	**£60.3m**

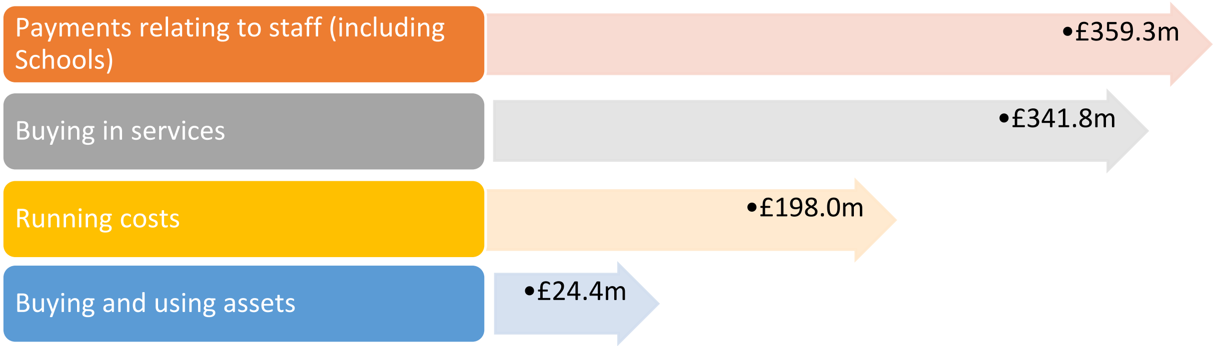


We have spent £712.1 million of this revenue income to finance the various services we provide (excluding schools). Adding on schools spending (£211.4 million) and technical adjustments makes up the gross expenditure shown in our Comprehensive Income and Expenditure Statement.

Revenue Spend by Service



Revenue Spend by Type



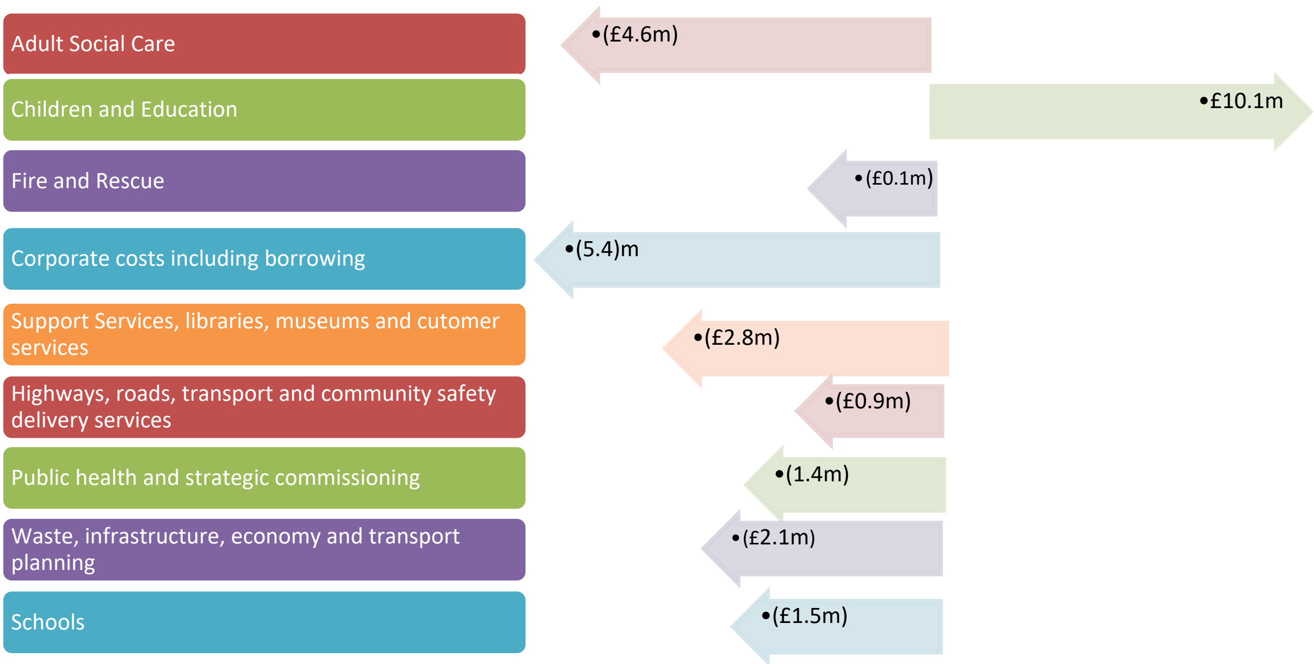
Revenue Underspends/Overspends

The net difference between our funding and expenditure for the year is £0.1 million. As part of our outturn we received £42.4m of Covid-related funding from the Government and Health and spent £47.5 million of this in the financial year. As a result, we have reduced our Covid reserves to £19.3m.

Of the remaining £5.2 million added to reserves during the year:

- £3.6m was an increase in funds held with our external partners;
- £6.0m was to increase our volatility reserves to take account of increasing commercial and inflationary risk;
- £12.5m was a reduction due to allocations to specific projects delivering the Council's ambitions; and
- £8.1m was the residual net underspend on services.

The chart below shows the service variance after accounting for Covid income and expenditure, Investment fund allocations and approved reserve movements during the year:



Capital spending and the value of our assets

We spent **£107.6 million** on the purchase and creation of assets in 2021/22 including **£22.1 million** on assets owned by other parties. Our initial estimate was **£219.2 million** but in-year adjustments for additions (for example, to spend newly awarded grants), reductions or rescheduling brought our approved budget for 2021/22 down to **£138.5 million** as at January 2022. Our capital spending was therefore **£111.6 million** less than our original budget, and **£30.9 million** less than the latest approved budget. This underspend was due to delays on individual projects. Most of this spending now is expected to be incurred in future years, with the budget for 2022/23 being **£175.1 million**.

The value of our fixed assets has increased from **£1,134 million** to **£1,345 million** in 2021/22.

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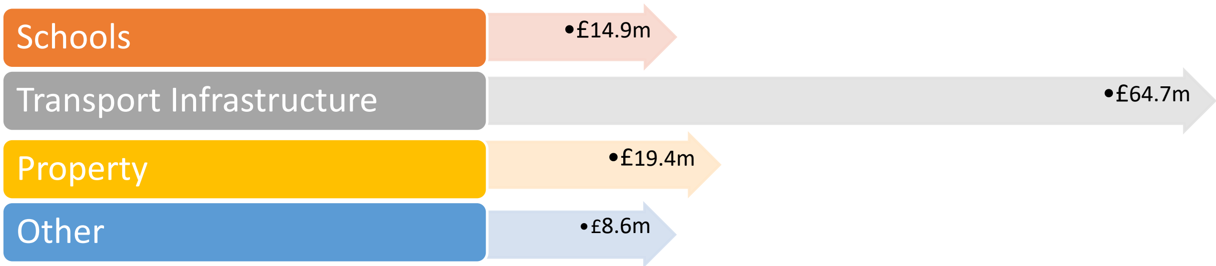
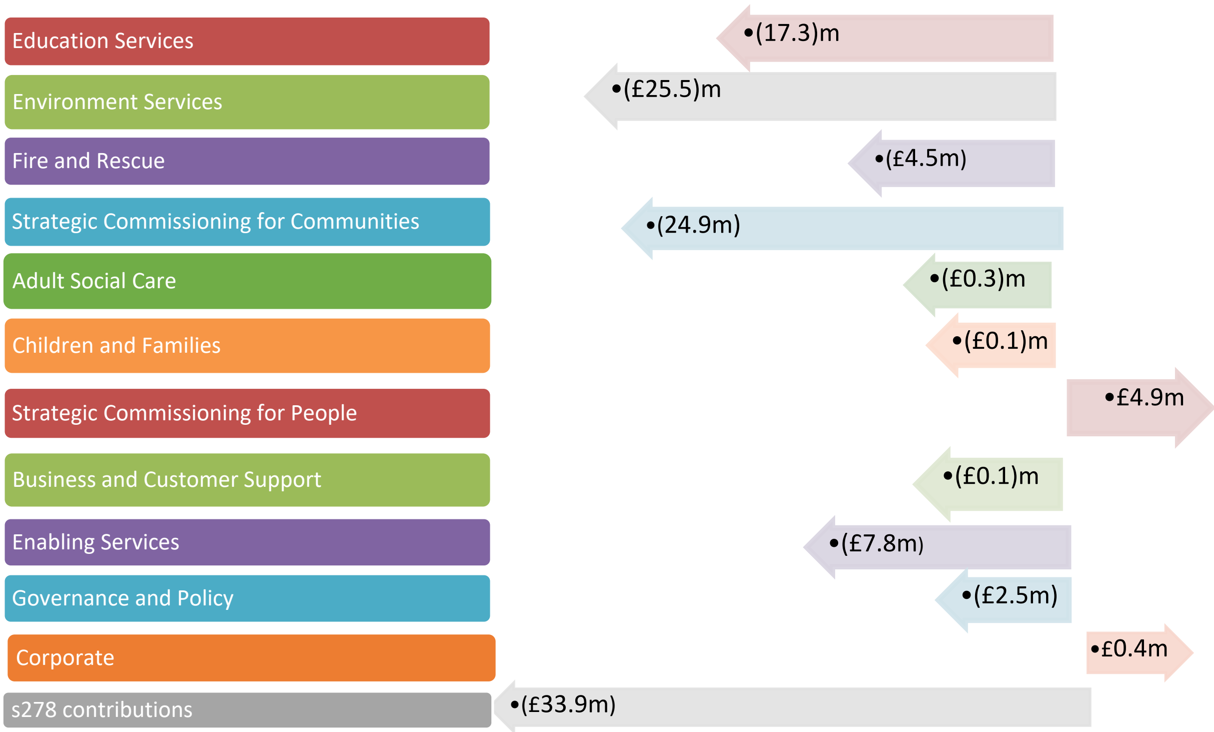
The main reasons for this decrease are:

- **£29.3 million** of assets disposed of or through schools transferring to Academy status;
- A spend of **£85.1 million** increasing the value of our assets;
- A write-down of **£29.4 million** to reflect our assets' usage by services; and
- A net increase in the value of our assets of **£190.2 million** is a result of updated valuations to reflect market movements and usage changes.

Capital Spend by Service



Capital over/underspends compared to the budget at the start of the year



Savings and efficiencies

As part of the Medium-Term Financial Strategy the savings target set for the 2021/22 financial year was £8.0m. These savings were spread across a number of areas. Some of the larger items were:

- £0.9 million reduced in Children's Services through the realignment of services and reduction of staff;
- £0.8 million reduction in cost as a result of the revised phasing of the capital programme;
- £0.7 million savings through managing the cost of externally commissioned care for adults; and
- £0.6 million saving from a review of Enabling Services expenditure on staffing, expenses and projects.

99.4% of the saving target has been delivered during the year despite the ongoing challenge presented by the Covid Pandemic.

Reserves

We planned to use £4.2 million of our reserves to support the delivery of services in 2021/22. However, services spent £1.4 million more than their cash-limited budget; when combined with the additional resources received during the year and the reclassification of the Dedicated Schools Grant deficit of £0.4 million as an unusable reserve, the outcome was that our usable revenue reserves increased overall by £0.3 million.

At 31 March 2022 our usable revenue reserves were therefore £244.5 million, of which £23.1 million was held by schools. We consider this to be a robust figure and allows us some flexibility to balance the challenges of meeting current and unknown future economic uncertainty alongside investment to improve our efficiency and the wider community economic recovery. We will continue to apply our Reserves Strategy which describes how and when these reserves should be used or added to. Based on our current

Medium Term Financial Strategy it is anticipated that the level of revenue reserves will reduce to £179.3m by the end of 2026/27.

Borrowing and Investments

Whilst the Council’s benchmark rate of return on investment in 2021/22 was 0.14%, our treasury management activity generated a higher average interest on investments of 0.29%. In line with the Treasury Management Strategy the Council has prioritised first security, then liquidity and yield in its investments. This involved investing in banks, building societies and other local authorities, as well as external fund managers such as cash, property and bond funds. Our long-term debt outstanding was £321.4 million at 31 March 2022; and at 31 March 2022 we were holding £458.62 million of cash, cash equivalents and treasury investments.

Pensions

At 31 March 2022 our total pensions liability was £901.1 million, a decrease of £161.8 million over the year. The decrease is largely attributable to the re-measurement of liabilities relating to the Local Government Pensions Scheme to recognise the changes in actuarial assumptions at the balance sheet date. This remains within the expected range and we are confident that this liability is well managed within the statutory arrangements.

Outlook

Pre-Existing Financial Challenges

The current Council Plan approved in February 2022 includes a 5-year medium-term financial strategy and reserves strategy that are updated annually. This gives greater alignment of the financial position and plans of the Council to the strategic priorities of thriving economy and places, a sustainable future and safe and healthy communities, as well as managing the risk inherent in providing a diverse range of services to a diverse community funded by numerous income streams.

The finance strategy recognised a number of risks to be monitored, managed and where uncontrollable to be financially underwritten:

- The broader economic environment, such as the impacts of movement in inflation, council tax base and interest rates on our day-to-day costs, income and debt repayments;
- Unforeseen medium/long term impact of the Covid-19 Pandemic;
- Prolonged uncertainty around Central Government's future decisions about local government financing, including a new funding model for adult social care to replace the social care council tax precept and the Better Care Fund grants;
- Dependency on locally collected Business Rates, placing greater importance on the need to maintain reserves to manage any volatility;
- Designing and delivering sustainable delivery of Special Educational Needs services within the level of DSG funding; and
- Pension cost increases arising from revaluations and any Central Government decisions about the scheme's funding mechanisms.

Covid-19

2021/22 has been a second highly unusual financial year due to the ongoing impact of Covid. Some areas have continued to face increases in demand and drops in planned income as well as the need to maintain a range of new services set up last year almost overnight. Other areas continued to see a temporary reduction in demand and Covid has limited our ability and capacity to invest in change and deliver our planned capital investments. It has been a period of sustained uncertainty as we adapt services and ways of operating in a post-Covid environment where our understanding of which changes will persist into the medium term is continually evolving.

We continued to receive significant and welcome additional funding from Government, in many different tranches, with numerous conditions attached, and at various times during the year, to help us support our communities through the Pandemic. The incremental provision of in-year funding, proliferation of small funding pots and understanding the changing financial impact of Covid on our costs and income have continued to provide for a challenging financial management environment.

The outturn figures reflect these factors and we remain a financially strong and resilient Authority and have not had to identify additional savings in-year or re-base budgets. However, the potential additional costs and loss of income need to be managed to ensure the Council's budget remains balanced and sustainable into the future.

Inflation

The annual inflation rate in the UK jumped to 9% in April 2022, the highest level since 1982, prompted by rising prices for utilities and fuel. The current forecasts indicate that the prices are expected to revert to a moderate annual increase from 2024/25 but the current inflationary pressure represents significant and potentially fundamental challenges for the County Council, residents and communities of Warwickshire.

Inflation will not only make providing our services more expensive but also expected to increase the demand for council services from the most vulnerable segments of the community. In addition to the direct cost of inflation, the rising cost of living and the National Living Wage will likely to have an indirect impact on our cost via the nationally negotiated annual pay awards.

Mitigation

These risks are common to all local authorities, and we continue to combat them through a mix of active management and financial planning. The specific plans to mitigate the financial risk associated with Covid-19 are:

- All Covid-related funding received is managed corporately, with decisions on the allocation of any resources requiring Corporate Board approval to ensure the effective use of resources;
- The taxbase volatility reserve, alongside the existing business rates appeals reserve provides for any deficits on the collection of the council tax and business rates from the current economic downturn; and
- The reflection of a gradual economic recovery in projections of future resource levels in the Medium-Term Financial Strategy.

In order to face the challenge of the increasing inflation the organisation is already working on reviewing and reprioritising its plans to ensure the long-term sustainability of core services and delivery of the key priorities set out in the Council Plan.

Major Developments

Two major developments that we brought forward in 2020/21 to support economic growth and Warwickshire's recovery post the Covid-19 Pandemic have become operational in 2021/22.

Warwickshire Property and Development Group (WPDG) is a local authority trading company set up to deliver our policy objective of creating jobs and more homes across Warwickshire. In its first year of operation

WPDG reported operating losses before tax of £0.516m. The loss is due to the company beginning to incur costs such as salaries, IT costs and legal and professional fees from when it was set up, at its balance sheet date it had not yet started to generate income to cover these costs. This net loss position was anticipated, with the loss being slightly less than estimated in the approved business plan. Incurring a loss during the inception phase is normal for a new business and is not a cause for immediate concern.

The Warwickshire Recovery and Investment Fund has been set up to provide access to finance, on a repayable basis, that helps businesses in Warwickshire start, grow and scale-up; helps businesses locate in the county; and leverages additional resources for the county through investment and support for key growth businesses. Our investment will be a maximum of £140 million over the next five years and at the end of the 2021/22 financial year £1m of it has been approved.

Basis of preparation and presentation

In considering this report, you should note that the comparison of spend against service budgets which we use internally to assess our financial performance is not directly comparable to the cost of services disclosed in the Statement of Accounts. This is mainly due to the accounting adjustments required to comply with reporting requirements, which do not impact on the amount of our spending to be met by local taxpayers, which is central to our in-year monitoring of our financial performance. The key differences relate to the way in which we account for items such as depreciation, impairment, reserves, provisions and carry-forwards. Each of these items is explained further in our accounting policies or the glossary.

Core Financial Statements

These comprise the four key pieces of information in the Statement of Accounts

Comprehensive Income and Expenditure Statement	Balance Sheet
An accounting surplus of £81.5 million for 2021/22 has been reported; the outturn position is an £10.5 million surplus. *This statement shows the accounting cost in the year of providing services rather than the amount to be funded from taxation. The main factors in the move are capital depreciation, revaluation and pensions charges.*	**An increase of £406.9 million in County Council's net assets as at 31 March 2022.** *The balance sheet shows the value of the assets and liabilities recognised by the County Council. At 31 March 2022 the County Council's net worth was £453.6 million.*
Cash Flow Statement	**Movement in Reserves Statement**
A net cash outflow of £37.0 million in 2021/22 in cash or cash equivalents. *This statement summarises the cash that has been paid to us and which we have paid to other organisations and individuals.*	**An increase of £14.9 million in the County Council's usable reserves, made up of an increase of £3.0 million in revenue reserves and £11.9 million in capital reserves.** *This statement shows the movement in year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be used to fund spending or reduce taxation) and other reserves.*

Statement of accounting policies

This summarises the accounting rules and conventions we have used in preparing these financial statements. There have been no changes to our accounting policies during the year. During 2020/21 the Audit and Standards Committee agreed two changes to our accounting policies relating to group accounts and leases. Both of these policies were expected to affect the preparation of the 2021/22 accounts but they were not required this year.

Notes to the core financial statements

The notes include more detail to support the information contained in the core financial statements as well as information on critical judgements and assumptions applied in the production of the accounts.

Other sections of this Document

As well as the Statement of Accounts for the County Council, this document includes separate sections for the Annual Governance Statement and the Statement of Accounts for the Warwickshire Pension Fund.

The Annual Governance Statement describes the Council's Governance Framework and system of internal control. It includes a review of the effectiveness of this system in the past year and identifies key risks for the Council to manage in the future. The Annual Governance Statement also covers the Warwickshire Pension Fund.

The Warwickshire Pension Fund's Statement of Accounts describes the Fund's financial position and performance in 2021/22. While the County Council administers the Fund, the Fund's accounts represent its activities on behalf of all its member organisations. Further information about the Fund can be found in Note 1 of that section.

Rob Powell
Strategic Director for Resources

Warwickshire County Council

Statement of Accounts

2021/22

Warwickshire County Council

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.

- Phone: 01926 412239
- E-mail: vrennie@warwickshire.gov.uk

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

Contents

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

Benefits payable during employment

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.

Termination benefits

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.

Post-employment benefits

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.

Recognition

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.

Measurement

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 £ m	Transfer to DSG Unusable Reserve 1 April 2020 £ m	Transfers Out £ m	Transfers In £ m	Balance at 31 March 2021 £ m	Transfers Out £ m	Transfers In £ m	Balance at 31 March 2022 £ 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
<u>Interest Rate Risk</u>
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.

<u>Price risk</u>
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.

The Impact of Pensions in our Accounts

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.

Annual Governance Statement

Year ended 31 March 2022

Warwickshire County Council

Working for Warwickshire

Annual Governance Statement 2021/22

Contents

1 Executive Summary

Warwickshire County Council's ambition is to make Warwickshire the best it can be, sustainable now and for future generations. We want Warwickshire to be a brilliant County in which to grow up, work and prosper and grow older.

Our new Council Plan https://api.warwickshire.gov.uk/documents/WCCC-1980322935-2012 describes how the council will meet the challenges ahead and make the most of opportunities. To be successful the council must have a solid foundation of good governance and sound financial management. This new Plan builds on our previous Council Plan https://api.warwickshire.gov.uk/documents/WCCC-708-483 and Recovery Plan https://api.warwickshire.gov.uk/documents/WCCC-1980322935-1740 which have been in place for the whole of the 2021/22 financial year.

Warwickshire's Code of Corporate Governance ensures that we are doing the right things, in the right way, in line with our values. A copy of the Council's Code is available on our website at http://www.warwickshire.gov.uk/corporategovernance. Each year the council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements set out in the Code of Governance have been working. This Statement gives assurances on compliance for the year ending 31 March 2022 and up to the date of approval of the Statement of Accounts.

The Leader of the Council and Chief Executive recognise the importance of having a solid foundation of good governance and sound financial management and commit to continue to further enhance our governance arrangements to enable delivery of our Council Plan.

2 The Governance Framework

We are responsible for delivering public services for the benefit of the people of Warwickshire, operating in line with the law and proper accounting standards, and for using public money economically, efficiently and effectively. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money services.

To meet our responsibility, we have put in place proper governance arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in a timely, open and accountable manner. These arrangements consist of all the systems, processes, culture and values which direct and control the way in which we work and through which we account to, engage with and lead our communities.

We have approved and adopted **a Code of Corporate Governance**, which sets out the principles of the *CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016)*

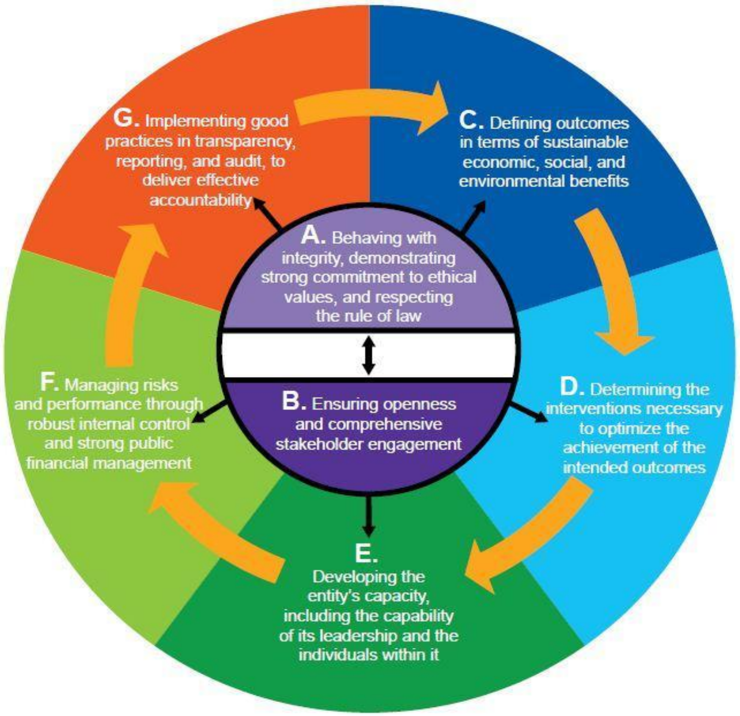


Figure 1: CIPFA's Principles of Good Governance

The Council's Code of Corporate Governance was updated in 2021 and approved by Cabinet in April 2021, to present how our governance arrangements support each core governance principle and reflect organisational structures and processes. The full details of our current code and how we meet the seven Principles of Good Governance can be found on our website here: http://www.warwickshire.gov.uk/corporategovernance

In February 2022, our new Council Plan was agreed by Council. The new plan is effective from 1st April 2022 and our Code of Governance will be reviewed against the new Council Plan to ensure that we continue to align the governance principles to our strategic priorities and areas of focus. The new Council Plan also takes forward and expands on the actions previously outlined in our COVID -19 Recovery Plan, which was launched in September 2021. This recognises that many of the actions introduced in response to the COVID pandemic have become part of the way in which we now do business. Our 2021/22 review of compliance against the Code of Governance recognised this and consequently we have not separately entered specific COVID related actions in the review.

We continue to monitor external factors that may have an impact on the Council's governance arrangements and will take appropriate action where necessary. The Russian invasion of Ukraine is one such area. At its meeting in March 2022 the Council expressed its support for Ukraine, and on the 7th of March the Pension Fund Investment Sub Committee condemned the invasion of Ukraine by Russia and confirmed that it was instructing fund managers, including the local government pension pool, Border to Coast, of which we are one member, to cease investment into Russia, and we will work with our fund managers to ensure that there should be no further investment into Russian owned or controlled assets and that the Fund's investment activity follows all current and future government requirements. The Warwickshire Pension Fund's assessment of Russian holdings at the time was that they made up approximately 0.2% of the total fund value. We continue to review our governance arrangements and will amend if appropriate.

The Code of Governance will be reviewed at least every 4 years, and more frequently if needed. Consequently, governance arrangements in the Code are not repeated in the AGS, which will focus on compliance, effectiveness and improvements to the Framework.

The aim of the governance framework

Our framework allows us to direct resources in accordance with our priorities, monitor how we are achieving our strategic aims and ambitions, and to consider whether they have helped us to deliver appropriate services. The Framework also aims to assure we deliver value for money, by applying governance processes aligned to:

- Principle C: defining outcomes that have impact.
- Principle D: optimising achievement of outcomes that are effective.
- Principle E: strong financial management that delivers economic and efficient solutions.

Figure 2: The Council's Core Purpose and Priority Outcomes

The Annual Governance Statement provides assurances that these processes are working in practice and provide services in line with our priorities by delivering on our supporting priority of Making the Best Use of Resources.

Financial Management Code of Practice

Our Code of Corporate Governance was enhanced by adopting CIPFA's Financial Management Code of Practice in 2021-22 and compliance with the Code is reviewed on an annual basis. The annual refresh of the self-assessment was reported to the Audit and Standards Committee in March 2022. This reiterated that the Council complies with the standard. The Committee also considered progress on the delivery of the action plan approved in June 2021 and approved a new action plan for 2022/23.

We are alert to ensuring our governance arrangements support the Council as a whole and individual services to deliver value for money across all our activity and at all levels of accountability, and we continue to seek to adapt and improve our governance arrangements in that regard.

Commercial activity

During the year the Council has continued to progress the development and establishment of the Warwickshire Property Development Group (WPDG) and the Warwickshire Recovery and Investment Fund (WRIF). Governance arrangements are in place for these bodies and the Council has approved and monitors the business plans. Regular update reports are submitted to appropriate committees and a specific Member Oversight Group for both.

3 Review of compliance with the Code of Corporate Governance

Our review and update of the Code of Corporate Governance http://www.warwickshire.gov.uk/corporategovernance has confirmed that arrangements under each of seven governance principles continue to be applied. The COVID pandemic made 2020-21 a year of significant change which required the Council, wherever required, to adapt existing governance arrangements as part of our response to the pandemic and plans for recovery. Many of these changes have now become established as part of the Council's governance arrangements as we adapt to a new way of working. We have set out below, for each governance principle, our self-assessment of compliance in the year.

Table1: Summary of Compliance against the Code of Corporate Governance

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Compliance Overview	The key policies, procedures and practices set out in the Code of Corporate Governance remained in place and were applied throughout the year. Our key behaviours and supporting values which underpin our governance arrangements are at the heart of all we do and continued to be central to how we appraise our performance.
	We have continued to meet the Public Sector Duty, as set out in the Equality Act 2010 and do not consider that we have unlawfully discriminated in the provision of services whether delivered by us or commissioned externally. Equality impact assessments have also continued to be produced to inform all appropriate decisions during the financial year.
	Integrity is embedded in our behaviours and the supporting values of being accountable and trustworthy. To ensure our behaviours are upheld we have codes of conduct for officers and members, registers of gifts and hospitality, registers of financial interests, and policies on anti-fraud and whistleblowing. We reviewed our Member Code of Conduct against the LGA Model Code, and a new updated Code of Conduct was agreed at Council in July 2021. https://democracy.warwickshire.gov.uk/documents/s14878/Revised%20Member%20Code%20of%20Conduct.pdf We include ethical values in policies and procedures for all areas including procurement and partnership working. We have a Complaints Policy and a corporate complaints and feedback procedure to ensure that all complaints are investigated properly and are responded to as quickly as possible (http://www.warwickshire.gov.uk/complaints). We appreciate the diversity of our customers, workforce and the wider Warwickshire community and are committed to Equality, Diversity and

	Inclusion and fulfilling our Public Sector Equality Duty. This is integral to everything we do including policy development, service delivery and partnership working to ensure that we do not unlawfully discriminate in the services we deliver or commission (http://www.warwickshire.gov.uk/equality). Our Constitution, including Contract Standing Orders and Financial Regulations were reviewed and updated during the financial year to ensure that they remained legislatively compliant and reflect the organisation's operating arrangements. Changes were approved by Council at its meeting in December 2021. (https://www.warwickshire.gov.uk/constitution). The Constitution sets out the decision-making framework to ensure that all officers, key post holders and Members can fulfil their responsibilities in accordance with legislative requirements. All our reports to member bodies receive financial and legal checks prior to submission to ensure they comply with regulatory requirements. Our Monitoring Officer receives weekly reports to alert her to any legal issues which she shares with the S.151 / Deputy S151 Officers and the Head of Paid Service. The Head of Paid Service, Section 151 / Deputy S151 Officers and Monitoring Officer meet regularly to ensure any regulatory requirements are addressed and any regulatory risks are discussed and visible. An independent review of scrutiny arrangements was undertaken, with conclusions and recommendations considered by the four Overview and Scrutiny Committees in February, March and June 2021, and the final recommendations endorsed by Cabinet and approved by Council in September 2021. Formal Council, Cabinet and Committee meetings, including those related to the Warwickshire Pension Fund, continued to be held virtually up to the end of April 2021, after which face to face meetings were re-instated to ensure legal compliance and which were compliant with access to information and public access requirements. We prepared for and delivered, with our district and borough council partners, Covid secure elections in May 2021 A formal induction programme for members is undertaken following each quadrennial election which covers the legal principles governing decision making and the code of conduct. The induction programme incorporates commercial awareness to ensure that members understand their responsibilities in relation to governance of commercial activity. Member induction and training also covers a broader understanding of Council finances and the key Committee and Officer roles responsible for governing our finances as well as the wider responsibilities of the Council and the services it provides. All officers with budget responsibilities receive training on general financial management and specifics around financial policies, procedures, systems and propriety. The Joint Consultative Committee meets on a quarterly basis providing the opportunity for elected employee representatives to meet with senior management and discuss issues affecting the whole workforce including Health & Safety. Teacher Trade Unions meet separately with the Assistant Director of Education to discuss Education and Schools specific items. We have

	a positive working relationship with the Trade Unions, and they are proactively involved at a Directorate level in relation to change management and individual casework. We are registered as a data controller under the Data Protection Act as we collect, and process personal information and we have a named Data Protection officer, a role shared by the Corporate Records Manager and the Information Rights Manager. We have General Data Protection Regulation (GDPR) compliant procedures that explain how we use and share information and arrangements for members of the public to access information. We have adopted the model publication scheme produced by the Information Commissioner's Office (ICO), in accordance with the Freedom of Information Act 2000. https://www.warwickshire.gov.uk/publicationschemeguide We have consistent governance arrangements for our trading companies and wholly owned companies including the newly established Warwickshire Property and Development Group (WPDG) and Warwickshire Recovery and Investment Fund (WRIF): We have a shareholder agreement with each company which governs our relationship with the company and sets out which decisions require shareholder approval: Annual General Meetings are held to ensure the Council is fully informed of the company's performance; and Directors of each company have received "conflict of interest" awareness training and we actively monitor the risk of potential conflicts. Where appropriate, we also support new WCC appointed Directors with training on how to perform their role as Directors effectively. Investments are governed by appropriate documents, for example loan agreements. The Council operates an anti-money laundering policy, and the Assistant Director Finance (Deputy Section 151 Officer) is the Council's Anti-Money Laundering Responsible Officer (AMLRO). We continue to apply Public Health England and government guidelines in respect of COVID secure working and reflecting Government advice during this period, our offices and buildings have remained open throughout but with limited use, and we have encouraged many of our staff to continue to work from home wherever possible. A thorough review of our premises has been undertaken to ensure that we provide safe working arrangements at all locations as more staff return to office working. We continue to monitor office usage and ensure suitable safeguards are in place to maintain a safe working environment. In reviewing the changing working arrangements, we continue to monitor risks to information security, including cybercrime, that may arise, and we continue to maintain prevention, control, testing and response regimes to mitigate these risks

Principle B: Ensuring openness and comprehensive stakeholder engagement	
Compliance Overview	The key policies, procedures and practices set out in the Code of Corporate Governance remained in place and were applied throughout the year.

	Council and Committee meetings are available as webcasts (https://warwickshire.public-I.tv/core/portal/webcasts), and decisions are recorded and published. Meetings are now being held face to face. We have launched a new residents' panel, 'Voice of Warwickshire', and we are improving our consultation and engagement platform 'Ask Warwickshire' to include more interactive, discussion-based activity. The Warwickshire Youth Council represents the voice of young people in Warwickshire. Each year, young people across Warwickshire vote for self-nominated young people to represent them. Those elected meet monthly at Shire Hall and have the responsibility of campaigning and liaising with bodies of power on behalf of young people. Each area of Warwickshire also has a youth forum which represents young people at a more local level. We have an Employee Engagement Strategy to ensure employees have a voice, managers and leaders are focusing on, coaching and developing their people and there is clear communication about the direction of our authority. This is supported by staff forums and regular staff surveys, check in surveys which measure employee engagement and our direction of travel against staff related measures. Regular Corporate Board and Strategic Director live stream broadcasts, supported by Assistant Director and Team briefings and broadcasts which were introduced as a response to COVID are now embedded as a way to engage with our people irrespective of working arrangements (home, remote or office based). Regular feedback is provided to staff through various mechanisms, for example through briefings, Working 4 Warwickshire, staff intranet pages etc. Staff continue to participate in short 'Check-in' surveys focused on health and wellbeing as well as broader performance themes. Results for key indicators of well-being were analysed, followed up by Corporate Board and shared with all staff via broadcasts and dedicated areas of the intranet with links to results dashboards. WCC, as "Corporate Parents", have high aspiration for our children in care and care experienced young people. We are committed to hearing the voice of children in care through engagement with the Children in Care Council who seek to improve services for children. https://www.warwickshire.gov.uk/childrenincare The Warwickshire Pension Fund engages with its employers and members through the LGPS Local Pension Board which has representatives from employers and members, and through direct communications for example directly sharing new policies such as the Funding Strategy Statement for comment.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits	
Compliance Overview	We had a clear set of priority outcomes in our Council Plan throughout 2021/22 and we have now launched our new Council Plan which covers the next 5 years with effect from April 2022. The new Council Plan has three priorities which cover each of the three dimensions, i.e., economic, social and environmental. The Medium-Term Financial Strategy (MTFS) supports the delivery of the Council Plan and is based on clear assumptions; resources align to priorities and ensure a balanced budget to sustain services and the longer-term financial health of the Council. The MTFS process, which includes scenario planning, assists with forward planning and responding to variations in financial forecasts and changes to assumptions. All Committee decisions have to identify any environmental impacts linked to the decisions in the reports.
	The Council Plan which was in place throughout 2021/22, and the Covid-19 Recovery Plan, which was closed out in December 2021, were developed with members and in consultation with our stakeholders and communities and defined priority outcomes and key strategic objectives. The Council Plan was supported by specific Strategies, Strategic Plans and programmes, all geared to delivering our Council Plan/Covid Recovery plan outcomes. A new Council Plan has been approved and is effective from 1 April 2022. The new Plan incorporates any ongoing themes from the Covid Recovery Plan and actions requiring a continued focus at Council level are included in the Integrated Delivery Plan which accompanies the Council Plan, as agreed at Cabinet in December 2021. Strategies are supported by Business Plans, key change projects and investments to develop the actions needed to deliver the outcomes. Projects and investments are scrutinised to ensure they deliver required outcomes. The Council has a rolling five-year Medium-Term Financial Strategy which is established on sound assumptions to deliver a sustainable balanced budget in the short and medium term. The Council's Capital Programme is directed by our Integrated Capital Strategy, aligned to the Council Plan and approved by Council in February 2022 as part of the MTFS. A review has been undertaken to improve processes around capital programme management and reporting and revised processes will be introduced in 2022. Priorities and a programme of actions for addressing the climate emergency are included in the Council Plan and all Council reports identify financial and environmental implications. Warwickshire is committed to reducing emissions from areas that the council has direct control over including own transport, gas and bought electricity to net zero by 2030 and has pledged to doing everything within our power to get our communities across Warwickshire to Net Zero by 2050 or sooner. The Council hosted a Climate Change Conference in March 2022 along with Coventry City Council, Beyond COP26 brought together key public, private and community organisations to respond to the COP26 outcomes within Coventry and Warwickshire. https://www.warwickshireclimateemergency.org.uk/

	We are producing, with public sector, business and voluntary sector partners and Government, a costed plan and trajectory for the County to be net zero no later than 2050, that is clear with Government about resources and support necessary to deliver national and local aspirations on net zero. Warwickshire Pension Fund has begun a review of investment strategy which will have regard to climate risk in the scope, and the Council's own Investment Strategy for non-treasury investments now has a dedicated ethical investing policy. Warwickshire Property & Development Group (WPDG), which has been set up to deliver new affordable and market priced homes and a range of commercial, mixed use and renewable energy opportunities across the county, has been launched by the Council, which will re-invest profits back into the Council's priority activities. WPDG will play an important role in shaping Warwickshire as a place to invest, live and thrive following the COVID-19 pandemic, as part of the County Council's Warwickshire Recovery Plan. It will help the county's economic recovery, creating jobs and shaping the county as an attractive and desirable place to live and do business, while also providing a financial return for the Council that will enable it to support its priorities through re-investment. Warwickshire Property & Development Group is part of a broader £300m package of investment alongside the Warwickshire Recovery and Investment Fund (WRIF) which the County Council has launched to revitalise the local economy. The Council has set up a Warwickshire Recovery and Investment Fund (WRIF) which is intended to: • Support the delivery of the Council's strategic goals and priorities as set out in the Warwickshire Council Plan 2025 and the new Council Plan effective from April 2022, COVID 19 Recovery Plan, Economic Strategy, Commercial Strategy and Place Shaping Programme; • Support economic recovery across the region; • Support existing businesses and bring in new businesses; • Create and protect jobs in Warwickshire; • Provide loans and some equity to business in a prudent way; • Provide access to finance that helps businesses start, grow, and scale up; and • Leverage additional resources or funding for the county through the investment and support of key growth businesses. https://www.warwickshire.gov.uk/wrif

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	
Compliance Overview	The key arrangements for managing performance and delivery, to inform interventions, continued to operate throughout the year.
	Arrangements are in place to report critical management information on the key aspects of the delivery of the Council Plan, including finance (monthly), risk and performance (quarterly) to Corporate Board and quarterly to Cabinet and Overview & Scrutiny Committees. Our Performance Framework supports the delivery of the Council Plan, and includes mechanisms to assess progress, inform actions and interventions to achieve intended outcomes. Outcome Delivery Groups, supported by the Programme Management Office, monitor and scrutinise project delivery against plans and flag actions needed to manage escalated risks and deliver project objectives. As part of the development of the new Council Plan (effective from April 2022), we are introducing an integrated delivery plan approach which will incorporate risk and performance management. Business Intelligence dashboards and reporting will build on the extensive performance dashboards already in place and will enable effective response and decision making. Increased emphasis will be placed on benefit identification and realisation. Each Directorate has escalation arrangements in place to its Directorate Leadership Team. Our Service Business Continuity Plans and procedures set out mitigating actions and contingency plans in response to business interruption events. We work in partnership with Coventry and Solihull Councils as part of the CSW Resilience Team, linking with the Warwickshire Local Resilience Forum to actively manage Civil Contingency requirements and responses. https://cswprepared.org.uk/ Delivery of our Council Plan outcomes is achieved through our business plans, strategies and programmes/projects and our Strategy and Commissioning and performance management frameworks. This is supported by our business insight and corporate policy functions. We have an appraisal system which links the Council objectives to the personal objectives and personal development plans of individuals. All proposed and active projects, funded through our investment funds, are managed in the VERTO system, which includes change control and reporting functionality to track the delivery of realisable benefits and outcomes. Our Strategies and programmes address specific challenges and opportunities as they arise

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Compliance Overview	The key arrangements for building our capacity and capability continued to operate throughout the year. Leadership forums, including Senior Leadership Forum were maintained and enhanced with strategy & commissioning network meetings.
	A member induction and development programme is delivered each year to ensure the core development needs of members, aligned to their respective roles, are met and to take account of new and emerging issues. Ensuring that capacity is maximised during the last 12 months has been critical to our success, and specific decisions have been made to enable this, such as system changes in Children's and Families to secure social workers. We have also committed to the National Graduate Trainee Scheme as well as reviewing our approach to apprenticeships, including increasing the starting salary to bring it in line with the national living wage Our People Strategy ensures our workforce can deliver the Council Plan and that they remain aligned with our vision and behaviours. Direction and progress continue to be governed and monitored by the How We Work Delivery Group. The Staff and Pensions Committee provides overall oversight on the direction in relation to the development of our people and approves the Our People Strategy and annual delivery plan. Our How We Work programme invests in and delivers the right resources and tools to work as efficiently and effectively as possible. It promotes and encourages the behaviours that help to define our culture. Our Agile Working Principles set out how employees can work as efficiently and productively as possible, whilst maintaining a priority focus on service needs. Our People Strategy recognises our staff as being our primary asset to enable the delivery of exceptional services to our communities. It is aimed at delivering our vision for the Council to be a great place to work where diverse and talented people are enabled to be their best. The Strategy is our mechanism to have an effective approach to workforce planning, reward and recognition, embedding our values, behaviours and a high-performance culture, leadership and talent development and supporting our organisational design. We have a corporate process for annual appraisals and Personal Development Plans supported by regular 1:1 conversations. This provides the necessary clarity of expectations and behaviour, direction, support and opportunities for growth and development and allows employees and managers to have constructive discussions on performance, progress against outcomes, wellbeing and development. Our corporate appraisal process is aligned to the Behaviours Framework and our recruitment process for senior managers applies a behavioural assessment process, which included leadership capability and identifies personal development areas.

	We have a Senior Leadership Forum (SLF) of our top three management tiers for sharing, shaping and developing our strategic direction, change plans and to support the delivery of those plans. The SLF has continued to meet regularly and effectively online when meeting in person has not been appropriate. We invest in the health and wellbeing of our employees with a Workplace Wellness Strategy and supporting processes including those to manage sickness absence and return to work. The health & wellbeing of our employees remains a top priority and as well as ensuring we engage with staff as stakeholders, we have focused on building a resilient and high performing workforce: • maintaining wellbeing and HR policy information on dedicated staff intranet sites (Keeping You Well and Working, Working4Warwickshire) with links to active internal and external support networks, resources and staff well-being check in surveys; and actions arising from those surveys; and • regular live broadcast to staff from Corporate Board and Strategic Directors, to communicate key well-being messages, updates and Q&A. The Council has been officially recognised by the West Midlands Combined Authority (WMCA) and received a bronze level accreditation for its work in actively promoting the health and wellbeing of its staff under the Thrive at Work scheme. The Council's move to the Cloud-based Microsoft 365 environment has secured communication and data security and has also enhanced our ability to work remotely and collaboratively. Our How We Work programme, designed to invest in and deliver the right technology and tools to work as efficiently and effectively as possible, has also supported staff with bite - size MS training sessions that could be accessed at any time.

Principle F: Managing risks and performance through robust internal control and strong public financial management	
Compliance Overview	The regulations, policies and governance arrangements set out in the Code of Corporate Governance have been fully applied thought the year for the Council and for Warwickshire Pension Fund.
	The Council adopted a new Strategic Risk Management Framework in April 2021 and continue to apply the CIPFA Code of Practice for Managing the Risk of fraud and corruption and this is reflected in our anti-fraud policy. http://www.warwickshire.gov.uk/antifraud

Strong financial management is achieved through a robust Medium-Term Financial Strategy process which includes comprehensive involvement of our Members and Corporate Board to enable the delivery of the outcomes and objectives we set out in our Council Plan and achieving a balance between robustness of financial management and achieving our ambitions.

Our budget is set as part of a 5-year Medium Term Financial Strategy and reviewed annually to ensure we remain prudent, robust and ambitious, whilst being flexible and responsive to emerging situations. Our robust and integrated approach to achieving strong financial management includes:

- Agreed strategies and approaches to Treasury Management, Investment, Capital resources, the effective use of Reserves and Council taxation to ensure an appropriate balance in delivering our medium-term goals and long-term sustainability.
- Attracting inward investment to the County and maximising social value for our communities through our Commercial Strategy.
- Achieving the best use of both capital and revenue investment funding by ensuring all investment proposals are supported by robust business cases and realisable benefits to enable decisions on funding.
- Continuing our drive to achieve efficiencies and savings and deliver services in more cost-effective ways through our plans to change and transform services, utilise technology, agile working and innovative ways of doing things. Specific policies, processes and practices support this.
- Regular budget monitoring and variance reporting at service and corporate level, ensuring the Council is alert to and managing emerging financial risks.
- Continually looking to review and improve our budget monitoring arrangements, having also received a substantial Internal Audit opinion for budgetary control and a full assurance opinion for Covid related financial controls and decisions.
- Corporate Board undertaking deep dive analysis of problematic budget areas alongside the plans to manage these to inform further actions.
- Financial Regulations and our financial management framework guide adherence to policies, procedures and propriety. They outline the financial roles and responsibilities of staff and Members and provide a framework for financial decision-making. Where there are specific statutory powers and duties the Financial Regulations seek to ensure these are complied with, as well as reflecting best professional practice and decision-making. https://www.warwickshire.gov.uk/standingorders
- Contract Standing Orders (CSOs) promote good procurement practice and public accountability. We reviewed our CSOs in 2021/22 and these were approved by Council in December 2021.
- Our S48 Scheme of Delegation for maintained schools, enables assurance of school's management of delegated budgets.

- Robust management of Pension Fund Investment through our Investment Strategy Statement and our Responsible Investment and Climate Risk Policy, approved at the June 2021 Investment Sub-committee. The Pension Fund Investments Sub Committee is supported by external financial advisers and additional independent financial advisers.

We constantly strive to improve and have conducted a robust review of our Constitution, contract standing orders and financial regulations. Improvements were identified and have been agreed by Council.

Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. Improvements to our risk management and performance monitoring processes have been identified and incorporated into our new integrated delivery plan approach. Our approach to managing risk is explained in the Risk Management Framework. http://www.warwickshire.gov.uk/riskmanagementstrategy

Our Performance Framework supports the delivery of the Council Plan, and includes the following mechanisms to assess progress, inform actions and interventions to achieve intended outcomes:

- progress against the Council Plan and the MTFS is assessed through Key Business Measures (KBMs) to assess the delivery of outcomes for reporting to Overview & Scrutiny Committees and Cabinet on a quarterly basis; and
- a suite of reports and dashboards provides HR, finance and performance data to Strategic Directors, Assistant Directors and third tier managers for their areas of responsibility. This enables managers to interrogate information quickly and efficiently and identify any interventions needed.

Programme and Project performance is monitored by Delivery Groups. Action plans arising from peer reviews and inspections are owned and monitored by Directorate Leadership Teams. There are a range of specific project and programme boards with appropriate service, corporate and senior representation to oversee our major transformation and change e.g. SEND Programme Board, WPDG Governance Group, WRIF Investment Panel, Children's Change Board, Commercial Delivery Group, Adults Programme Board, Agresso Development Programme Group, Capital Review Board, Gateway Group, etc. The 5 Delivery Groups then represent the organisational themes overarching groups that monitor delivery, with the Corporate Change Board having ultimate oversight at an officer level of what feeds through from the Gateway Group and Delivery Groups.

We have an effective system of internal audit delivered in line with the Public Sector Internal Auditing Standards and effective counter-fraud and corruption arrangements and whistleblowing policies and procedures. Internal audit provide advice to service areas and change projects to ensure the control environment remains strong. We have adopted the CIPFA Code of Practice for Managing the Risk of Fraud & Corruption, and this is reflected in our anti-fraud policy. http://www.warwickshire.gov.uk/antifraud. Regular reporting on audit assurance outcomes to Audit & Standards Committee.

	We gain assurances on internal control from: • Assistant Director annual assurance statements; • Social care quality assurance policy and procedures; • The Internal audit work programme reports; and • External sources of assurance including external audit opinions, statutory inspections and whole council or service specific peer reviews. We actively promote safeguarding to prevent harm and reduce the risk of abuse or neglect, working with partners as Warwickshire Safeguarding https://www.safeguardingwarwickshire.co.uk/ The Council has reviewed its procurement arrangements to ensure that activity across the council demonstrates good practice, compliance with legislation, realises social value and delivers value for money and public accountability. The resourcing of activity in respect of WPDG and WRIF includes the procurement of external specialist expertise and advice to support the robust delivery of both initiatives.

Principle G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
Compliance Overview	We endeavour always to be open and transparent. The regulations, policies and governance arrangements set out in the Code of Corporate Governance have been applied throughout the year for the Council and for the Warwickshire Pension Fund and can be accessed here: https://www.warwickshirepensionfund.org.uk
	Each year we publish information on our website outlining how we spend Council Tax income. http://www.warwickshire.gov.uk/counciltaxspending
	We have a forward plan which provides information about the key decisions that the Council has scheduled. Formal agendas, reports and minutes for all committee meetings are published on our website which ensures that people know what decisions the Council is planning to take, and the decisions taken. Live and recorded Webcasts of formal public meetings are available. http://www.warwickshire.gov.uk/democracy

	Our Corporate Board, supported by Directorate Leadership Teams, take responsibility for providing overall leadership and setting the strategic direction and specifically, for ensuring that the Council meets its statutory obligations and exercises sound corporate governance and effective resource management, and that the performance of the Authority is managed effectively, including the delivery of key aspects of our change programs. Overview and Scrutiny Committees act as a critical friend and hold Cabinet to account for its decisions. The terms of reference for all Overview and Scrutiny Committees are defined in the Constitution. http://www.warwickshire.gov.uk/scrutiny The Audit and Standards Committee has oversight of internal and external audit matters, the Council's arrangements for corporate governance and risk management and any other arrangements for the maintenance of probity. The Committee is chaired by an independent member and the Council has appointed a second independent member to sit on the Committee. All reports that go to Members through a formal committee, or for leader / deputy leader / portfolio decisions, have to have a legal and finance sign-off as the final stage before being released by democratic services. The Internal Audit Manager is designated as the Head of Internal Audit. There is an Internal Audit Board, and the internal audit service is subject to Public Sector Internal Audit Standards (PSIAS) external quality assessments. Sufficient audits have been conducted to provide an annual audit opinion for the year. http://www.warwickshire.gov.uk/audit **Local Government Corporate Peer Challenge - March 2022** A team of six external peers visited Warwickshire County Council for three days. During that time, they looked at several key areas including financial capability, partnership work, culture, and readiness to deliver our new Council Plan. Initial feedback was received verbally from the team whilst on site. Several areas of best practice were recognised, and key actions identified will form part of a delivery plan which is currently under development. **Joint local area SEND inspection in Warwickshire** Between 12 July and 16 July 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Warwickshire to judge the effectiveness of the area in implementing the disability and special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014. **Conclusions:** As a result of the findings of this inspection and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector of Schools has determined that a Written Statement of Action is required because of significant areas of weakness in the area's practice. Her Majesty's Chief Inspector has also

	determined that the local authority and the area's clinical commissioning group (CCG) are responsible for submitting the written statement to Ofsted. (Note: Under the Health and Care Act, CCGs have been absorbed into Integrated Care Systems (ICSs) – specifically into their Integrated Care Boards (ICB). Each ICB has taken on the commissioning and funding responsibilities that previously sat with their local CCGs. **Key strengths:** • Area leaders are committed to improving children and young people's outcomes. Leaders' action plans are firmly focused on the needs and ambitions of children and young people. The current area leaders have the expertise, drive, determination, and commitment to improving health, education and care outcomes for all children and young people with SEND. • Area leaders understand the strengths and weaknesses of the area because of their accurate, well-informed and detailed self-evaluation. They commissioned two independent reviews of all SEND services to help them identify what works well and what does not across the local area. Leaders have developed and started to implement an ambitious Change Programme in response to the findings of the reviews. • The Change Programme identifies what needs to change and why. It has prioritised and focused on key areas, with further actions appropriately planned out in the right order. This is enabling area leaders to drive the necessary improvements across the local area. However, some plans are still developing, such as those to improve neurodevelopmental pathways. • Area leaders' rapid implementation of the Change Programme has already led to some improvements. For example, the area leaders now issue a higher than national proportion of new education, health and care (EHC) plans within statutory timescales. The number of fixed-term exclusions of children and young people with SEND has also been significantly reduced. • Children and young people with SEND achieve positive educational outcomes. A high proportion of them remain in education, training and employment and a high proportion also go on to achieve paid employment. Attendance rates for children and young people with SEND are very positive and fixed-term exclusions have reduced dramatically. **Areas for improvement:** The local area is required to produce and submit a Written Statement of Action to Ofsted that explains how the local area will tackle the following areas of significant weakness: • The waiting times for ASD assessments, and weaknesses in the support for children and young people awaiting assessment and following diagnosis of ASD; • The fractured relationships with parents and carers and lack of clear communication and co-production at a strategic level;

- The incorrect placement of some children and young people with EHC plans in specialist settings, and mainstream school leaders' understanding of why this needs to be addressed;
- The lack of uptake of staff training for mainstream primary and secondary school staff to help them understand and meet the needs of children and young people with SEND; and
- The quality of the online local offer.

Inspection of Local Authority Children's Services (ILACS)

Inspection took place between 15 November and 3 December 2021, and the judgement was published on 1st February 2022. The full report can be found here: https://reports.ofsted.gov.uk/provider/44/80576

Key findings and Ofsted ratings

- The impact of leaders on social work practice with children and families - Good
- The experiences and progress of children who need help and protection - Good
- The experiences and progress of children in care and care leavers - Good
- Overall effectiveness - Good

Areas of best practice identified

Summary of strengths: Within the report the inspectors highlighted the service improvement journey since 2017 and the role leaders have played in working with partners and children and young people to support development. The report noted that Social Workers listen to the views of children and ensure they are involved in decisions that impact them and highlighted how the service builds trusting relationships with children, young people and families to ensure families stay together where possible (including when children come into care placing them with their wider family if appropriate). The report found that children in care are supported to live stable lives and make good progress and that care experienced young people are supported when they leave care with opportunities to strengthen their independence

HMICFRS Inspection

Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service Inspected Warwickshire Fire and Rescue Service in the Spring of 2021. This was an 8-week virtual inspection. A significant programme of work is ongoing to address the points raised in the inspection report ahead of HMIFRCS conducting their follow-up reinspection.

Key findings / conclusions

Warwickshire Fire and Rescue Service was issued with 3 Causes of Concern and 41 Areas for Improvement against the three inspection areas of Efficiency, Effectiveness and People.

Areas of best practice identified
Warwickshire Fire and Rescue Service was deemed as being effective at responding to major incidents and emergencies.

Independent Inquiry Child Sexual Abuse: Child Sexual Exploitation by Organised Networks
On 6 March 2019 the Independent Inquiry Child Sexual Abuse (the 'IICSA') published an Update Note in relation to their investigation into Child Sexual Exploitation by Organised Networks ('CSEON'). In that note the IICSA identified its intention to consider 6 geographical areas through which it would explore its eight identified themes. Warwickshire was one of the geographical areas. The report was published on 1st February 2022.

The Council was pleased to be chosen as a case study area for this inquiry. We were able to share elements of our practice to support national improvements which will help protect children across the country. We recognise the bravery of all the victims who have taken part in this inquiry. Sharing their experience will help improve the support offered to other victims of abuse.

As an organisation we are focused on learning and improvement and are pleased to see this noted in the report which highlights our progressive approach to risk-assessment, our well-established audit and review processes, our empathy for victims and our strong partnership approach to raise awareness about, identify and tackle child sexual exploitation.

We recognise the issues young people face in accessing mental health support as identified in the report and acknowledge shortcomings around a case in 2017. We have made significant changes to our practice since this time.

In addition to our direct work with children and families, our multi-agency partnership allows us to share information and learning and to work together to do everything we can to continue to confront this issue to keep young people safe. Our work in this area has been recognised in an Ofsted report, also published today, which found that 'children who are at high risk of exploitation are identified well and supported to enable risks to reduce'.

We will not be complacent in our work and our awareness raising. We will consider the findings of the report carefully and continue to pay them attention so that they are embedded as improvements to our practice.

In addition to our powerful 'Something's not Right' campaign we will continue to work with regional and national partners to ensure our approach has greatest impact on our communities and further afield.

4 Review of effectiveness and improvements to governance arrangements

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of effectiveness is informed by the work of managers within the Authority who have responsibility for the development and maintenance of the governance environment and by the Head of Internal Audit's annual report.

The review of effectiveness was co-ordinated by an evaluation panel consisting of representatives from Legal, Finance and each Directorate (Resources, Communities and People), Internal Audit and chaired by the Strategy & Commissioning Manager (Treasury, Pensions, Audit, Insurance and Risk). In carrying out its review, the evaluation panel:

- considered the approach of the Authority to establishing its principal statutory obligations and organisational objectives;
- considered the approach of the Authority to identifying principal risks to the achievement of those obligations and objectives;
- identified the key control frameworks that the Authority has in place to manage its principal risks;
- obtained assurance from managers on the operation of key control frameworks and on the results of relevant external or internal inspections;
- reviewed progress against the 2021-22 Governance Action Plan (Appendix 1); and
- evaluated the assurances provided and identified any gaps.

The evaluation panel also considered the strategic risks updated and agreed with Corporate Board in January 2022.
In addition, Assistant Directors have confirmed that they have complied with the risk management framework throughout the year and have provided assurances at year end.

Consideration was also given to the results of reviews carried out by external regulators and agencies during the year including the external audit of the accounts. The work of the evaluation panel was scrutinised by the Assistant Director Governance and Policy (Monitoring Officer), the Assistant Director Finance (Deputy Section 151 Officer), Strategic Director for Resources (Section 151 Officer) and Strategic Director for People before being submitted to the Audit and Standards Committee in May 2022 for further scrutiny.

The results of Internal Audit work were reported to the Audit and Standards Committee throughout the year. The individual reviews feed into the overall Internal Audit Annual Report. The Committee has also considered in greater detail areas where limited assurance opinions have been provided including Supported Accommodation (16–17-year-olds). This report concludes that the Authority's control environment provides substantial assurance that the significant risks facing the Authority are addressed. The internal audit findings, including those with a limited assurance opinion, were duly considered in the preparation of this statement.

The 2021-22 Governance Action Plan (Appendix 1) presents, on an exception basis, additional actions that are already planned or being considered to inform future Council planning and strengthen governance.

The process of review has also captured governance improvements in Table 2, that we have made during the year.

Table2: Summary of improvements to governance arrangements in 2021-22

Activities and Assurances	Governance Principle (s)
Led by the Resources Directorate, including cross cutting actions	
An independent review of scrutiny arrangements was undertaken, with conclusions and recommendations considered by the four Overview and Scrutiny Committees in February, March and June 2021, and the final recommendations endorsed by Cabinet and approved by Council in September 2021.	Transparency and effective accountability
Continued LEXCEL accreditation of Legal Services provided ongoing assurance about the standards of legal services provided to internal and external clients. Accreditation was received in August 2021 and included feedback 'As a business and a team everyone has pulled together, enabling maintenance of your high professional standards and the delivery of an excellent service to clients.'	
Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. Improvements to our risk management and performance monitoring processes have been identified and incorporated into our new integrated delivery plan approach.	Risk and Performance
Our new council plan will be supported by a single integrated delivery programme which we will refresh each year on a rolling basis, alongside the annual Medium Term Financial Strategy. We will publish the delivery plan and progress updates on a quarterly basis. We have reviewed all our key business frameworks to ensure they support delivery of our Council Plan.	Determining interventions
Corporate Policy Team conducted an assessment of current strategies for the new Council Plan and produced a new Strategy Framework. The framework covers recommendations on the critical aspects such as: Guide for Strategies, delivery plans/links to business plans, performance measures, monitoring & reporting and the governance/review of strategies.	Defining outcomes
Pension Fund Administration compliance and efficiency improvements have been achieved through implementation of the I-Connect system. This has resulted in improved data quality and a reduced number of pension regulation breaches.	Transparency and effective accountability

Activities and Assurances	Governance Principle (s)
Cabinet continues to be informed of the activity of the Warwickshire Property and Development Group. The Council has now appointed the non-executive Chair of the Group and Board Members.	Strong public financial management / internal control
The Finance Training Board continue to invite finance staff to undertake professional training including for example, CIPFA, AAT, and other specialist qualifications in areas such as pensions administration, welfare benefits and tax.	Strong public financial management/ Building capacity and capability
Our strategic Equality Diversity and Inclusion (EDI) agenda is guided by Corporate Board and the Council's EDI group will ensure this agenda is translated into practice. The Council EDI group is chaired by the Strategy and Commissioning Manager for Human Resources and Organisational Development (HR&OD) and is comprised of diverse employees from across the Council, advised by the EDI team.	Ethical Values/ building capacity and capability
The introduction of an Anti-Money Laundering Policy to support the expansion of the Council's activities into non-treasury investments.	Ethical Values/ building capacity and capability
The wellbeing of our people has continued to have a strong focus throughout the year. Unsurprisingly we have seen a slight increase in our sickness absence rates, as we have returned to more normal working arrangements and social distancing measures have been lifted, however, we have remained within our target range. We have continued to check in with our people in terms of their wellbeing and have found that around 80% of our people have been doing ok and 83% of our people saying that wellbeing is promoted at work. With our new approach to engagement, we will be reporting a new wellbeing measure next year.	Building capacity and capability/ Engagement
Led by the Communities Directorate – service specific	
Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service inspected Warwickshire Fire and Rescue Service in the Spring of 2021. Following this inspection and the subsequent report, the WFRS improvement plan has been reviewed to incorporate actions needed as a result of the inspection. This is now being monitored and updated on a regular basis and a recent internal audit has given substantial assurance over the adequacy and effectiveness of the Action Plan.	Managing risk and performance

Activities and Assurances	Governance Principle (s)
The investment funds in respect of the WPDG and WRIF are both governed by arrangements approved directly by Members, and a Member Oversight Group has been established to provide additional scrutiny and support to these initiatives. Investments are controlled by policies including limits on the amount that can be invested each financial year, which are set out in the Council's Investment Strategy which is approved by Council.	Managing risk and performance
The new Council Plan reaffirms our commitment to adapt to and mitigate climate change and meet net zero requirements.	Defining outcomes
The Warwickshire Minerals Plan has been subjected to independent examination and the Inspector's report is awaited. When adopted, the Plan will set out policies and allocate sites to guide minerals extraction in support of sustainable development until 2032.	Defining outcomes
Led by the People Directorate – service specific	
We launched the Children and Young People Strategy 2021 - 2030 which has the Child Friendly Warwickshire programme at its heart. Approved by Cabinet in October 2021, the Strategy outlines the council's commitment to ensuring children and young people have a voice and are supported to be the best they can be. The strategy's goals and ambitions were shaped by feedback from a survey completed by over a thousand young people across Warwickshire and will be the council's approach to working with partners, families and communities between now and 2030 to help youngsters reach their potential.	Defining outcomes
We continue to work with our partners to deliver an integrated health and social care system and a presentation to the Adult Social Care and Health Overview and Scrutiny Committee on 10th February 2022. The presentation by Danielle Oum (Chair) and Phil Johns (Chef Executive Designate) of the Warwickshire Integrated Care System (ICS) included the next steps for health and social care in Coventry and Warwickshire.	Managing risk and performance
On 15th March 2022, Council considered the latest proposal on Children's Services Residential provision. The Council approved additional funding to deliver phase two of the Internal Children's Homes Project.	Defining outcomes Managing risk and performance

Activities and Assurances	Governance Principle (s)
On 1st December 2021, the Government published People at the Heart of Care: adult social care reform white paper which sets out a 10-year vision for adult social care and provides information on funded proposals to be implemented over the next three years. Following the joint local area SEND inspection in Warwickshire - Her Majesty's Chief Inspector of Schools determined that a Written Statement of Action was required because of significant areas of weakness in the area's practice. Her Majesty's Chief Inspector also determined that the local authority and the area's clinical commissioning group are responsible for submitting the written statement to Ofsted. This written statement was submitted on 24th December 2021 by SEND and inclusion services on behalf of the Strategic Director (People).	Managing risk and performance

5 Governance issues and challenges

We have not experienced any significant governance failures during the last year and our arrangements remain fit for purpose in accordance with the governance framework.

A primary purpose of the governance framework is to manage strategic risks proactively and to ensure that risks that cannot be tolerated are appropriately mitigated.

The areas of challenge listed below have been identified as major challenges for the Council (strategic risks assessed as having the highest risk scores – residual risk score greater than 12) as reported to Corporate Board in January 2022. We are satisfied that the challenges identified here are addressed by the Council Plan/Covid-19 Recovery Plan and supporting strategies, with key mitigation strategies signposted below.

Risk of Post Pandemic widening of social and health inequalities and inability to catch up, compounded by challenges in healthcare catch up, increased waiting lists for treatments and the emergence of long covid, resulting in worsening outcomes for our communities.

We have had focused campaigns and public comms to support County vaccination and booster programme. The Public Health Covid Containment and Outbreak Control Plan are well tested and effective. Our Health & Well Being Strategy has a focus on tackling inequality.

People Strategy & Commissioning Plans 2020-22 – Health, Well Being and Self Care, Integrated and Targeted Support. ICS - WCC influence in the design and implementation of new care systems to optimise outcomes for Community Health & Well Being.

Risk of continued and increasing levels of disruption to care markets and impacts on the supply of core provision and costs pressures from inflation, demand and legislative changes.

Our Integrated Commissioning approach provides some flexibility to respond to pressure points; Market viability framework; market intelligence and engagement will inform market analysis and future plans to address pressures (fee levels, provider support).

Risk of not achieving County net zero by 2050, biodiversity and climate adaptation targets, if unable to mobilise Warwickshire businesses, residents, communities and other key partners (e.g., council's developers) where there are critical dependencies.

We have placed a spotlight on WCC led climate change action via a dedicated website, open communication channels and community engagement opportunities.

A Warwickshire and Coventry climate change conference was held in March 2022, bringing people together from public, private and community organisations to combat climate change. We have commissioned work on sustainable futures 2050 costed action plan for delivery later in 2022.

A “Green Shoots Community Climate Change Fund” was introduced in 2021 to provide local funding to increase resilience to and reduce the impact of climate change.

Risk our SEND and Inclusion ambitions are not delivered to improve outcomes for children and young people. Insufficient resources to match the increasing demand for SEND provision and not achieving critical improvements highlighted by the recent Ofsted inspection

SEND & Inclusion Change Programme Board monitor key action delivery and post Ofsted action commitments. MTFS – indicators of increasing demand, DSG overspends and trajectory of increasing spend factored in to budget proposals

Risk of continued uncertainty about key policy, economy and funding forecasts; impacting on financial planning assumptions and our ability to address the ongoing structural gap in available resources and reduced tax revenues, leaving WCC with insufficient resources to deliver Council Plan priorities and respond effectively to unplanned events

Our MTFS update process includes scenario planning and sensitivity analysis of assumptions. Shorter-term volatility is managed through reserves and availability of unallocated funds.

An Integrated Planning approach allows refreshed Council priorities to inform resource planning and allocation decisions, including scaling back or withdrawing from activity.

Risk of negative results (financial and social) from our commercial and investment activities.

The Council has a Commercial Strategy with Commercial Delivery Group oversight, and the Commercial Team supports traded services. WRIF and WPDG investment is guided by approved investment strategies, governance and regulatory compliance arrangements, and oversight and assurance on managing financial risk.

Risks identified by the Independent Inquiry into Child Sexual Abuse

The report from the Independent Inquiry into Child Sexual Abuse (IICSA) published on 1st February 2022 was welcomed by the Council. We note the findings and welcome the positive comments made; however, we will not be complacent in our work and our awareness raising. We will consider the findings of the report carefully and look to embed them in order to continue to make improvements to our practice.

In addition to our powerful ‘Something’s not Right’ campaign we will continue to work with regional and national partners to ensure our approach has greatest impact on our communities and further afield.

Recruitment and Retention

As with many organisations, we are experiencing challenges in recruitment and retention which has been heightened by the pandemic. The Quarter 3 strategic risk update considered by Corporate Board in January noted this and it is recognised as an increasing risk for the Council. At the January review, staff retention (and staff absences) was still on target but being closely monitored.

We will continue to monitor, and act based on our People Strategy supported by the How We Work programme with Delivery Group oversight.

6 Certification

We will continue to manage the risks detailed above and further enhance our governance arrangements over the coming year as set out in the 2022-23 Governance Action Plan at Appendix 1. We are satisfied that the risks we have identified are addressed in our Council Plan, Medium Term Financial Strategy and other key strategies. We are satisfied that the actions identified will address the improvements that were highlighted in our review of effectiveness. These are monitored and reported to members and Corporate Board as part of the corporate performance management framework. We will monitor their implementation and operation as part of our next annual review.

……………………………………..
Councillor Izzi Seccombe OBE
Leader of the Council

……………………………………
Monica Fogarty
Chief Executive/Head of Paid Service

Appendix 1 – Rolling Governance Action Plan

Governance Improvement Actions for 2020-21 b/f	Actions Completed	This year we are:
To implement a **Three Line of Defence model** as part of a council wide assurance framework to manage risks and deliver ongoing internal control assurances to Corporate Board and members throughout the year.	The three Lines of Defence model is instrumental in the Council's Risk Management Framework. Functional Operating Models have been informed by the Three Lines model.	Assurance mapping will be developed as part of the system of internal control, and as part of Internal Audit planning.
Governance Improvement Actions for 2021-22	**Actions Completed**	**This year we are:**
How we govern our partnership arrangements: We will review and refresh our partnership governance arrangements, which were last updated in 2014. We will seek a risk based and proportionate approach to managing our partnerships.	We have spent considerable time working with stakeholders in the Health and Care sectors with a particular focus on progressing the integrated care agenda.	We will continue to review and refresh these and other partnership governance arrangements as the need arises. We will seek a risk based and proportionate approach to managing our partnerships.
How we manage our capital programme activity We will complete an end-to-end process review of our approach to capital project management with the aim of reducing the likelihood of significant budget overspends and impactful delays.	Process review completed and recommendations made to Change Portfolio Board – approved March 2022.	Phase 2 of the project – implementation will commence. Some elements will be implemented early in the year, others such as systems development are likely to take longer.

How we manage our third-party suppliers and contracts We will take forward actions identified from a review of Supplier Management by PwC. This includes establishing a Contract Management and Procurement Delivery Group, implementing a new Contract Management System, and setting up cross directorate boards to oversee supplier relationships that hold the greatest risk (i.e., those where a supplier failure would risk delivery at a Council wide level).	• Procurement and Contract Management Board (previously Delivery Group) has been set up and meets regularly. It is currently chaired by a Strategic Director with Assistant Directors representing CSU, Finance and each directorate. It is governed by a Terms of Reference (ToR) which ensures it remains focussed on the relevant issues. • Cross directorate working groups for high-risk contracts. So far there is only one Supplier which meets the criteria for requiring this level of monitoring. Draft ToR have been written and work is about to commence to identify the relevant membership. Work has already happened with this supplier to increase the cross directorate working to ensure quality, delivery and to manage risks.	• About to commence soft market testing for a Supplier Management Tool – with the objective of beginning full procurement in the Autumn. • A procurement pipeline is currently under development which will further help ensure a structured strategic approach is taken across procurement, contract management and quality assurance.

Governance Improvement Actions 2022-23	Action Owner	By when?
HMICFRS Action Plan – the actions from the Action Plan have been transferred into delivery and team plans following the HMICFRS inspection. A new WFRS Delivery Plan 2022-24 has been developed and will be used to monitor progress against the HMICFRS causes of concern to ensure that agreed actions are implemented.	Ben Brook	March 2023
Joint local area SEND inspection in Warwickshire - Her Majesty's Chief Inspector of Schools determined that a Written Statement of Action is required because of significant areas of weakness in the area's practice. Her Majesty's Chief Inspector also determined that the local	Nigel Minns	December 2022

authority and the area's clinical commissioning group were responsible for submitting the written statement to Ofsted. Our response was submitted on 24th December 2021 on behalf of the Strategic Director (People). Following this, Warwickshire has been selected as one of the local areas across the UK to take part in a pilot to support Ofsted and CQC to develop a new area SEND inspection framework. Learning on the inspection methodology and key themes will be shared as we go through the pilot, but there will be no final report or judgement as this is not an inspection of Warwickshire. However, any learning to help us to improve the delivery of our services will feed into our Written Statement of Action programme of work.		
Review of code of corporate governance against new Council Plan	Gereint Stoneman / Sarah Duxbury	December 2022
Undertake a governance health check using the Centre for Governance & Scrutiny Governance, Risk and Resilience Framework	Sarah Cowen / Sioned Harper	December 2022
Undertake a review of our officer delegations to ensure up to date following organisational changes	Nichola Vine	December 2022
Undertake a wide-ranging commissioning / governance review to refine our Target Operating Model. This will include a review of the governance of projects and programmes to align it with commissioning activity, and will include additional reviews, led by Governance and Policy for organisational-level governance, and Finance for monitoring of capital programmes. In line with the Council's new Delivery and Performance Plans, the review will continue throughout 2022/23 and will provide recommendations on governance to Corporate Board in Q2.	Craig Cusack / Sarah Duxbury / Andy Felton	September 2022
Develop an action plan to address issues arising from the Local Government Corporate Peer Challenge which took place in March 2022. The report will be published in June 2022.	Sarah Duxbury	March 2023

Producing, with public sector, business and voluntary sector partners and Government, a costed plan and trajectory for the County to be net zero no later than 2050, that is clear with Government about resources and support necessary to deliver national and local aspirations on net zero.	Steve Smith	September 2022

Warwickshire Pension Fund

Statement of Accounts

2021/22

We would welcome any comments or suggestions you have about this publication. Please send any comments or suggestions to wpfinvestments@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.

Contents

Note on rounding's: individual tables presented within disclosures may not sum exactly due to roundings. This does not reflect any inaccuracy or error.

Independent auditor's report to the members of Warwickshire County Council on the pension fund financial statements of Warwickshire Pension Fund

Opinion

We have audited the financial statements of Warwickshire Pension Fund (the 'Pension Fund') administered by Warwickshire County Council (the 'Authority') for the year ended 31 March 2022 which comprise the Warwickshire Pension Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. 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 transactions of the Pension Fund during the year ended 31 March 2022 and of the amount and disposition at that date of the fund's assets and liabilities;
- 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 Pension Fund's 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 Pension Fund'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 Pension Fund 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 Pension Fund'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 Pension Fund. 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 in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements 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 Pension Fund'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 Pension Fund 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 Pension Fund's financial statements, our auditor's report thereon, and our auditor's report on the Authority's financial statements. Our opinion on the Pension Fund's 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 Pension Fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund's financial statements or our knowledge of the Pension Fund 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 Pension Fund 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.

Opinion on other matter required by the Code of Audit Practice (2020) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements and our knowledge of the Pension Fund, the other information published together with the Pension Fund's financial statements in the Statement of Accounts, for the financial year for which the financial statements are prepared is consistent with the Pension Fund 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 matters in relation to the Pension Fund**.**

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

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on Section D - page 9, 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 Pension Fund's 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 Pension Fund's financial statements, the Strategic Director for Resources is responsible for assessing the Pension Fund'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 Pension Fund will no longer be provided.

The County Council is Those Charged with Governance for the Pension Fund. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's 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 Pension Fund 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 Public Service Pensions Act 2013, The Local government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.
- We enquired of senior officers and the Audit and 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 and 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 Pension Fund'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 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 level 2 and 3 investments and IAS 26 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.
- Our 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 pensions sector
  - understanding of the legal and regulatory requirements specific to the Pension Fund 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 Pension Fund'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.

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

31 March 2023

Statement of responsibilities for the statement of accounts

This section explains our responsibilities for our financial affairs and how we ensure 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 Pension Fund

We do the following:

- make sure that one of our officers is responsible for managing our financial affairs. For the Pension Fund, Warwickshire County Council's Strategic Director for Resources is responsible for this;
- manage our affairs to use our resources efficiently and effectively and to protect our assets;
- 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 the Pension Fund 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's/Local Authority (Scotland) Accounts Advisory Committee Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

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 as at the 31st March 2022 and the income and expenditure for the year ended 31st March 2022. The unaudited draft accounts were authorised for issue on 28th June 2022. These were audited and were considered and approved at a meeting of the Council on 7th February 2023. The approved accounts were authorised for issue on that date.

Rob Powell
Strategic Director for Resources

Date: 7th February 2023

Councillor David Humphreys
Chair of the Council

Date: 7th February 2023

Warwickshire Pension Fund Account

2020/2021			2021/2022
£ m		Notes	£ m
	Dealings with members, employers and others directly involved in the fund		
(98.9)	Contributions	7	(86.7)
(12.7)	Transfers in from other schemes	8	(16.9)
(111.7)			(103.6)
83.5	Benefits payable	9	88.9
9.9	Payments to and on account of leavers	10	8.4
93.4			97.3
(18.3)	**Net (additions)/withdrawals from dealing with members**		**(6.3)**
14.6	Management expenses	11	**16.1**
(3.7)	**Net (additions)/withdrawals including fund management expenses**		**9.7**
	Returns on investments		
(21.0)	Investment income	13	(21.5)
(19.2)	Profit and losses on disposal of investments	23	(81.6)
(496.1)	Changes in the market value of investments	23	(113.9)
(536.3)	**Net return on investments**		**(217.1)**
(540.0)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(207.4)**
(2,034.1)	**Opening net assets of the scheme**		**(2,574.1)**
(2,574.1)	**Closing net assets of the scheme**		**(2,781.5)**

Net Assets Statement

2020/2021			2021/2022
£ m		Notes	£ m
1.2	Long-term Assets	15	1.2
2,502.6	Investment assets	15/16	2,722.1
48.3	Cash deposits	15/16	35.1
2,552.1	Total net investments		2,758.4
25.4	Current assets	29	27.0
(3.4)	Current liabilities	30	(3.9)
2,574.1	**Net assets of the fund available to fund benefits at the period end**		**2,781.5**

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the Actuary Statement Note 28.

Notes to the Warwickshire Pension Fund Accounts for the year ended 31 March 2022

Note 1: Description of fund

The Warwickshire Pension Fund ('the Fund') is part of the Local Government Pension Scheme and is administered by Warwickshire County Council. The County Council is the reporting entity for this pension fund.

The following description of the Fund is a summary only. For more detail, reference should be made to the Warwickshire Pension Fund Annual Report and the underlying statutory powers underpinning the scheme, namely the Public Service Pensions Act 2013 and The Local Government Pension Scheme (LGPS) Regulations.

a) General

The scheme is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended);
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended); and
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended).

The Warwickshire Pension Fund is a defined benefit scheme administered by the Director for Resources on behalf of Warwickshire County Council (the scheme administrator), five district councils and other scheduled and admitted public service organisations and their contractors. Teachers, police officers and firefighters are not included as they come within the remit of other national pension schemes.

The administration of the Fund is carried out through Warwickshire County Council's Staff and Pensions Committee, the Pension Fund Investment Sub-Committee and the Local Pension Board. The committees are comprised of elected County Council members whilst the Board is an equal mix of representatives of scheme employers and scheme members with an independent chair. The Pension Fund Investment Sub-Committee receives advice and guidance from two independent financial advisors, its investment consultant (Hymans Robertson) and its Scheme Actuary (Hymans Robertson).

The Public Service Pensions Act 2013 included a requirement to establish a Local Pension Board, with responsibility to assist the administering authority to:

- secure compliance with: the LGPS regulations; other legislation relating to the governance and administration of the LGPS and; the requirements imposed by the Pension Regulator in relation to the LGPS; and

- perform an oversight role to ensure the effective and efficient governance and administration of the LGPS.

A Local Pension Board has been in place since February 2015.

b) Membership

Membership of the LGPS is automatic for entitled employees, but employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Warwickshire Pension Fund include:

- scheduled bodies, which are local authorities and similar bodies whose staff are automatically entitled to be members of the Fund; and
- admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 206 employer organisations with active members within Warwickshire Pension Fund including the County Council itself, as detailed below.

Warwickshire Pension Fund	31 March 2021	31 March 2022
Number of employers with active members	189	206
Number of employees in scheme		
County Council	8,434	8,290
Other employers	9,351	9,592
Total	**17,785**	**17,882**
Number of pensioners		
County Council	8,446	8,888
Other employers	6,692	7,189
Total	**15,138**	**16,077**
Deferred pensioners		
County Council	11,477	11,676
Other employers	8,138	8,694
Total	**19,615**	**20,370**
Total	**52,538**	**54,329**

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with The LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. Contributions are also made by employers which are set based on triennial actuarial funding valuations. The last valuation was at 31 March 2019 and a revised schedule of employer contribution rates became effective for the three years from 1 April 2020. Currently, employer contribution rates range from 0% to 58% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised in the following table.

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
Lump Sum	Automatic lump sum of 3 x pension In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of $1/49^{th}$. Accrued pension is updated annually in line with the Consumer Prices Index. The changes also brought in a 50/50 option allowing members the opportunity to contribute 50% for 50% of the benefit entitlement.

Contributions to the LGPS prior to 1 April 2014 were assessed on full-time equivalent pay and excluded non-contractual elements of pay such as overtime and bonus. However, contributions since 1 April 2014 are assessed on all pensionable pay received including non-contractual elements. In addition, the contribution bandings were extended with many of the higher paid seeing an increase in contributions.

There are a range of other benefits provided under the scheme including early retirement, ill health entitlements and life assurance.

Note 2: Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2021/22 financial year and its position at year-end as at 31 March 2022. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. They have been prepared on a going concern basis in accordance with IAS1.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. This is addressed by the Scheme Actuary's triennial valuation.

2.1 Accounting standards issued but not yet adopted

The code requires disclosure of any accounting standards issued but not yet adopted and their potential impact on the Fund. The new standards issued but not adopted for 2021/22 are:

• IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
• IAS 37 (Onerous contracts) – clarifies the intention of the standard;
• IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material;
• IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances; and
• Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16.

It is too early to say with any degree of certainty what the likely impact of the above issued accounting standards would be, but it is assumed they would not materially impact on the 2021/22 financial statements.

Note 3: Summary of significant accounting policies

a) Contribution income

Normal contributions, both from members and employers, are accounted for on an accruals basis at the percentage rate recommended by the Scheme Actuary in the period to which they relate.

Employer deficit, augmentation and pension strain contributions are accounted for in the period in which the liabilities arise. Any amount due in year but unpaid will be classed as a current financial asset.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with The Local Government Pension Scheme Regulations (see notes 8 and 10). This is normally when the member liability is accepted or discharged.

c) Investment income

i) Interest Income

Interest income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs (where material) or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is reflected within investment assets in the Net Assets Statement. Investment income arising from the underlying investments of the Pooled Investment Vehicles is either reinvested within the Pooled Investment Vehicles and reflected in the unit price or taken as dividends.

iii) Distributions from managed funds

Distributions from managed funds are recognised at the date of issue. Any amount not received by the end of the reporting period is reflected within investment assets in the Net Assets Statement.

iv) Profit and losses on disposal of investments

Profit and losses on the disposal of investments are recognised as income and comprise all realised profits/losses during the year.

v) Movement in the market value of investments

Changes in the market value of investments are recognised as income and comprise all unrealised profits/losses during the year.

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless an exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

f) Management expenses

The Code does not require a breakdown of pension fund administration expenses. However, in the interests of greater transparency, the Council discloses its pension fund management expenses in accordance with the CIPFA guidance *Accounting for Local Government Pension Scheme Management Costs.*

Administrative expenses
All administrative expenses are accounted for on an accrual basis. All staff costs of the pension's administration team and associated accounting, management, accommodation and other overheads are apportioned and charged as expenses to the Fund.

Oversight and governance costs
All oversight and governance expenses are accounted for on an accrual basis. All costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment management expenses
All investment management expenses are accounted for on an accrual basis.
Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. Where these are deducted at source (as opposed to being charged via an invoice) the fee is identified and a journal posted to record the investment management fee and increase the investment income.

g) Investment assets

Shareholder investment in Warwickshire's LGPS asset pool, Border to Coast Pensions Partnership (the "pool"), is valued at transaction price i.e. cost. The pool's main trading company, Border to Coast Pensions Partnership Limited, became licensed to trade in July 2018 and does not have established trading results or profit forecasts available yet.

The Pension Fund's view is that the market value of investments in the Border to Coast Pension Partnership at 31 March 2022 cannot be reasonably assessed and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the Net Assets Statement on a fair value basis as at the reporting date. An investment asset is recognised in the net asset statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised in the Fund.

The values of investments as shown in the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Pension Fund Note 24).For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

The values of investments as shown in the Net Assets Statement have been determined as follows:

i) Market-quoted investments
The value of an investment for which there is a readily available market price is determined by the bid market price on the final day of the accounting period.

ii) Fixed interest securities
Are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in property, infrastructure, debt securities and private equity. The valuation of these is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or to the management agreement;

- investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager; and

- investments in private equity funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the *International Private Equity and Venture Capital Valuation Guidelines 2018.*

iv) Limited partnerships
Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

v) Pooled investment vehicles
Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; if single priced, at the closing single price.
In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income, which is reinvested in the Fund net of applicable withholding tax.

h) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

i) Cash and cash equivalents

Cash comprises cash in hand and on demand deposits and includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

j) Investment Liabilities

The Fund recognises investment liabilities at fair value as at the reporting date. An investment liability is recognised on the date the Fund becomes party to the liability and these are summarised in Note 15. From this date any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

k) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Scheme Actuary in accordance with the requirements of IAS19 and relevant actuarial standards. The last triennial valuation was carried out as at 31st March 2019. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 28).

l) Additional Voluntary Contributions

Warwickshire Pension Fund provides an additional voluntary contributions (AVCs) scheme for its members, the assets of which are invested separately from those of the pension fund. The Fund has appointed Utmost Life & Pensions and Standard Life as its AVC providers. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and movements in the year.

AVCs are not included in the accounts in accordance with section 4(1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 but are disclosed as a note only (Note 31).

j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term, 'financial instrument' covers both financial assets and financial liabilities and includes financial assets and liabilities such as trade receivables and trade payables.

IFRS 13 Fair Value Measurement - The standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The Fund currently complies with this standard.

Note 4: Critical judgements in applying accounting policies

Pension fund liability

On 10 March 2022, the Public Service Pensions and Judicial Offices Act 2022 received Royal Assent. The main purpose of the Act is to support implementation of the McCloud remedy in the public service pension schemes.

The McCloud remedy will be implemented in two phases.

Phase one involves moving all remaining active members of legacy schemes (members with protection) into the new schemes on 1 April 2022 so that, going forward, all accrual will be in the new schemes (and so all active members will be treated equally).

Phase two is implementation of the deferred choice underpin. That is, giving eligible members a choice between legacy scheme and new scheme benefits for service between 1 April 2015 and 31 March 2022.

The regulations to implement phase one of the remedy have been made and will come into force on 1 April 2022. Consultations on draft regulations to implement phase two of the remedy will follow, with the aim that they will come into force by 1 October 2023 at the latest. No allowance had been made within the accounts, however the fund actuary has included an allowance for the impact of McCloud in Note 28 within the fund liabilities.

Further legal judgements in force include Goodwin, Walker and O’Brien. Current analysis estimates this to be very small for a typical fund.

Investment in Border to Coast Pensions Partnership

This investment has been valued at cost on the basis that fair value as at 31 March 2021/22 cannot be reasonably assessed as:

- No market or comparable market exists;
- The shares will not be traded externally; and
- Border to Coast Pensions Partnership operates on a not-for-profit basis.

War in Ukraine

We have instructed our fund managers, including the local government pension pool, Border to Coast, of which we are one member, to cease investment into Russia and Warwickshire Pension Fund's wish to dissociate itself from all Russian-owned and Russian-controlled investments. Due to the nature of the Russian regime, we do not make a distinction between state and non-state owned assets.

We will work with our fund managers to ensure that there should be no further investment into Russian owned or controlled assets and that the Fund's investment activity follows all current and future government requirements.

Working closely with our fund managers, we will review the timing of disinvestment carefully, having regard to the practical barriers and options available to divest given that some financial markets are closed or operating with less liquidity, balancing the desire we have to completely disassociate the Fund from supporting Russian investments with the fiduciary responsibility the fund has for managing its investments, and having regard to the fact that the Fund's investments are in pooled funds that the Fund cannot unilaterally control and direct.

The Warwickshire Pension Fund's current assessment of Russian holdings is that they make up approximately £5m or 0.2% of the total fund value. No special amendment or adjustment is necessary for the valuation of assets due to the ongoing conflict. Valuations are correctly catered for naturally with all assets valued as at the 31st March 2022 position

Note 5: Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the Balance Sheet date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

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

	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the 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 fund 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 assumption would result in an increase in the pension liability of £75m, a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £7m, and a one-year increase in assumed life expectancy would increase the liability by approximately £149m.
Private equity, Infrastructure and Private Debt	Private equity investments are valued at fair value in accordance with *International Private Equity and Venture Capital Valuation Guidelines* 2018 and the IPEV Board's Special Valuation Guidance (March 2020). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total value of Level 3 investments stands at £420.8m. There is a risk that this investment may be under- or over-stated in the accounts. The custodian reports a tolerance of +/- 2% around the net asset values on which the valuation is based. This equates to a tolerance of +/- £8.4m.

Note 6: Events after the reporting date

Events from the balance sheet date to the date of authorisation for issue would be reflected as an adjustment to the Statement of Accounts whether favourable or adverse. This would occur where there was provision of evidence that these conditions were in place by the end of the reporting period and that these events were significant to the fair value of the Fund’s net assets. Those events taking place after the date of authorisation for issue will not be reflected in the statement of accounts.

There has been significant volatility in markets since the 31st of March 2022. The total Fund asset valuation as at 30th of June 2022 having fallen to £2,636m due to net losses on investments since 31st March 2022.

Note 7: Contributions receivable

By category

2020/2021		2021/2022
£ m		**£ m**
19.3	Employees' contributions	20.0
	Employers' contributions:	
74.8	Normal contributions	61.1
4.8	Deficit Recovery contributions	5.6
79.6	**Total Employers' contributions**	**66.7**
98.9	**Total**	**86.7**

By authority

2020/2021		2021/2022
£ m		**£ m**
41.7	Administering authority	43.8
55.4	Scheduled bodies	41.4
1.8	Admitted bodies	1.5
0.0	Bodies no longer contributing	0.0
98.9	**Total**	**86.7**

Note 8: Transfers in from other pension funds

2020/2021		2021/2022
£ m		**£ m**
0.7	Group transfers	0.0
12.0	Individual transfers	16.9
12.7	**Total**	**16.9**

Note 9: Benefits payable

By category

2020/2021		2021/2022
£ m		**£ m**
68.0	Pensions	70.5
14.1	Commutation and lump sum retirement benefits	16.0
1.5	Lump sum death benefits	2.4
83.5	**Total**	**88.9**

By authority

2020/2021		2021/2022
£ m		**£ m**
44.6	Administering authority	46.8
34.0	Scheduled bodies	36.7
4.1	Admitted bodies	4.4
0.9	Bodies no longer contributing	0.9
83.5	**Total**	**88.9**

Note 10: Payments to and on account of leavers

2020/2021		2021/2022
£ m		**£ m**
0.3	Refunds	0.4
9.5	Individual transfers	8.0
9.9	**Total**	**8.4**

Note 11: Management expenses

2020/2021		2021/2022
£ m		**£ m**
1.9	Administration costs	1.9
11.6	Investment management expenses	12.9
1.1	Oversight and governance costs	1.3
14.6	**Total**	**16.1**

This analysis of the costs of managing the Warwickshire Pension Fund during the period has been prepared in accordance with CIPFA guidance.

Indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sale of investments (Note 16 and Note 25).

Note 12: Investment management expenses

20/21 Total		Management Fees	Performance Fees	21/22 Total
£ m	£ m	£ m	£ m	£ m
2.6	Pooled Investments	3.2	0.0	3.2
1.7	Pooled Property	1.9	0.0	1.9
3.2	Private Equity	2.7	0.6	3.3
2.6	Infrastructure	2.5	0.7	3.2
1.5	Private Debt	1.1	0.2	1.3
0.0	Custody Fees	0.1	0.0	0.1
11.6		**11.4**	**1.5**	**12.9**

Note 13: Investment income

2020/2021		2021/2022
£ 000		£ 000
0.0	Equity dividends	0.1
6.5	Pooled Property	5.2
2.4	Infrastructure	3.0
1.8	Pooled Equity	1.9
1.2	Private Debt	0.9
8.3	Pooled Fixed Income	9.4
0.9	Private Equity	1.2
21.1	Managed funds	21.6
21.1		**21.6**

Note 14: Other fund account disclosures: external audit costs

The external audit fee for 2021/22 was £31,060 excluding VAT. The fee for 2020/21 was £30,647. Non-audit fees in respect of IAS19 assurance for 2021/22 are £8,000 (2020/21: £7,000).

Note 15: Investments

2020/2021		2021/2022
£ m		£ m
	Long term investments	
1.2	Equities	1.2
	Investment Assets	
2,496.3	Pooled Funds ***	2,716.8
979.8	Global Equity*	971.0
420.2	UK Equity*	442.4
72.3	Infrastructure	140.4
84.5	Private Debt	83.0
175.0	Private Equity	197.3
221.5	Pooled Property	273.4
543.1	Fixed Income	609.2
48.3	Cash deposits	35.1
6.2	Investment Current Assets	5.4
2,550.9	**Total Investment Assets**	**2,757.2**
	Investment Liabilities	
0.0	Investment current liabilities	0.0
0.0	**Total Investment Liabilities**	**0.0**
2,552.1	**Net Investment Assets**	**2,758.4**

*20/21 Pooled Global Equity restated to exclude LGIM UK sleeve and included within Pooled UK Equity

*** This refers to the management structure of the Funds, where the Warwickshire Pension Fund does not directly own the underlying assets.

Note 16: Reconciliation of movements in investments

	Market value 31 March 2021	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2022
	£ m	£ m	£ m	£ m	£ m
Investment Assets					
Equities	1.2	0.0	0.0	0.0	1.2
Pooled Investments	2,496.3	702.4	-672.3	190.3	2,716.8
Private Equity	175.0	25.3	-47.1	44.1	197.3
Pooled Property	221.5	19.3	-13.6	46.1	273.4
Pooled funds, Unit Trusts & Other Managed Funds	1,943.0	572.5	-578.1	85.2	2022.6
Infrastructure	72.3	65.0	-8.7	11.9	140.4
Private Debt	84.5	20.3	-24.8	3.0	83.0
Other Investment Balances					
Cash	48.3	89.3	-102.6	0.0	35.1
Net investment current assets	6.2	0.0	-0.7	-0.1	5.4
Net Investment Assets	**2,552.1**	**791.8**	**-775.6**	**190.1**	**2,758.4**

	Market value 31 March 2020	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2021
	£ m	£ m	£ m	£ m	£ m
Investment Assets					
Equities	0.8	0.3	0.0	0.0	1.2
Pooled Investments	1,997.3	119.2	-132.2	512.0	2,496.3
Private Equity	120.7	18.6	-22.8	58.5	175.0
Pooled Property	217.4	3.8	-0.5	0.8	221.5
Pooled funds, Unit Trusts & Other Managed Funds	1,508.2	61.0	-79.1	453.0	1,943.0
Infrastructure	67.9	17.6	-11.8	-1.4	72.3
Private Debt	83.1	18.3	-18.0	1.1	84.5
Other Investment Balances					
Cash deposits	20.9	63.3	-35.7	-0.1	48.3
Net investment current assets	6.4	1.2	-1.0	-0.4	6.2
Net Investment Assets	**2,025.3**	**184.1**	**-168.9**	**464.9**	**2,552.1**

Note 17: Derivatives

The Fund does not engage in any direct derivative activity however fund managers may make use of these to achieve investment objectives.

Note 18: Investments analysed by fund manager

Market value 31 March 2021 £ m	Market value 31 March 2021 %		Market value 31 March 2022 £ m	Market value 31 March 2022 %
Investments managed by BCPP asset pool				
2.7	0.1%	Private Equity	14.8	0.5%
12.8	0.5%	Infrastructure	61.1	2.2%
2.4	0.1%	Private Debt	17.8	0.6%
370.5	14.5%	Global Equity Alpha Fund	378.0	13.7%
286.2	11.2%	UK Equity Alpha Fund	295.7	10.7%
184.0	7.2%	BCPP Investment Grade Credit	171.7	6.2%
0.0	0.0%	BCPP Multi-Asset Credit	250.8	9.1%
858.6	**33.6%**		**1189.8**	**43.1%**
Investments managed outside of BCPP asset pool				
0.8	0.0%	MFS Investment Management (Global Equities)	0.6	0.0%
743.4	29.1%	Legal and General Investment Management (Index Tracker - Global Equities)	740.0	26.8%
184.7	7.2%	Legal and General Investment Management (Index Tracker - Fixed Income)	186.9	6.8%
116.9	4.6%	Columbia Threadneedle Investments (Property)	145.8	5.3%
110.9	4.3%	Schroder Investment Management (Property)	132.3	4.8%
172.3	6.8%	HarbourVest (Private Equity)	182.5	6.6%
114.6	4.5%	JP Morgan (Strategic Bond)	0.0	0.0%
22.9	0.9%	Standard Life Capital (Infrastructure)	23.8	0.9%
36.5	1.4%	Partners Group (Infrastructure)	55.6	2.0%
40.6	1.6%	Alcentra (Private Debt)	39.1	1.4%
41.5	1.6%	Partners (Private Debt)	25.9	0.9%
60.4	2.4%	PIMCO (Diversified Income Fund)	0.0	0.0%
46.9	1.8%	BNY Mellon (Global Custodian)	35.0	1.3%
1.2	0.0%	BCPP Shareholding	1.2	0.0%
1,693.5	66.4%		1568.6	57%
2,552.1	**100.0%**		**2,758.4**	**100.0%**

Note 19: Investments representing more than 5% net assets of the scheme

Security	Market value 31 March 2022	% of total fund as at 31.03.22
	£ m	
Border to Coast Global Alpha Equity Fund	378.0	13.7%
L&G Fundamental Indexation	302.8	11.0%
Border to Coast Alpha Equity Fund	295.7	10.8%
Border to Coast Multi-Asset Credit	250.8	9.1%
Harbourvest (Private Equity)	182.5	6.6%
Border to Coast Investment Grade Credit	171.7	6.2%
L&G UK Equity Index	146.7	5.3%

Security	Market value 31 March 2021	% of total fund as at 31.03.21
	£ m	
Border to Coast Global Equity Alpha Fund	370.5	14.8%
Border to Coast UK Listed Equity Alpha Fund	286.2	11.4%
LGIM Fundamental Indexation	264.3	10.6%
Border to Coast Sterling Investment Grade Credit Fund	184.0	7.3%
LGIM Europe (Exc UK) Equity Index	175.4	7.0%
Harbourvest (Private Equity)	172.3	6.8%
LGIM UK Equity Index	133.9	5.3%

Note 20: Stock lending

The Fund does not currently engage in any direct stock lending.

Note 21: Property holdings

The Fund does not hold property directly. Property is held in the form of pooled funds.

Note 22: Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities (excluding cash) by category and Net Assets Statement heading. No financial assets were reclassified during the accounting period.

Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
31 March 2021				31 March 2022		
£ m	£ m	£ m		£ m	£ m	£ m
			Investment Assets			
0.0			Index linked bonds	0.0		
1.2			Equities	1.2		
2,496.3			Pooled Investments	2,716.8		
979.8			Global Equity	971.0		
420.2			UK Equity	442.4		
72.3			Infrastructure	140.4		
84.5			Private Debt	83.0		
175.0			Private Equity	197.3		
221.5			Pooled Property	273.4		
543.1			Fixed Income	609.2		
	48.3		Cash deposits		35.1	
	6.2		Investment Current Assets		5.4	
	8.4		Debtors		9.2	
	17.0		Cash balances		17.8	
2,497.5	**80.0**	**0.0**		**2,717.9**	**67.5**	**0.0**
			Liabilities			
		0.0	Investment current liabilities			0.0
		-3.4	Creditors			-3.9
0.0	**0.0**	**-3.4**		**0.0**	**0.0**	**-3.9**
2,497.5	**80.0**	**-3.4**		**2,717.9**	**67.5**	**-3.9**

Note 23: Net gains and losses on financial instruments

31 March 2021		31 March 2022
£ m		**£ m**
	Financial Assets	
515.3	Fair value through profit and loss	195.6
0.0	Loans and receivables	0.0
515.3	**Total**	**195.6**

The authority has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 24: Valuation of financial instruments carried at fair value

The unquoted equities holding in Border to Coast Pensions Partnership is valued at cost (i.e. transaction price), as an appropriate estimate of fair value. A fair value cannot be otherwise established for these assets as at 31 March 2022 because the main trading vehicle of Border to Coast Pensions Partnership only became licenced to trade in July 2018 and the reliability of any observable or unobservable inputs used to calculate fair value cannot as yet be assessed with certainty.

All other investments are held at fair value in accordance with the requirements of the Code and IFRS13. The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year.

All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value, these inputs are observable. Products classified as level 2 include unquoted bonds and overseas unit trusts and property funds.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity and debt investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investments in private equity, infrastructure and private debt are based on valuations provided by the general partners to the funds in which Warwickshire Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are undertaken quarterly and an adjustment is made to roll forward the latest available valuation to 31 March as appropriate.

Description of asset	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Pooled investments – overseas unit trusts & property funds Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	NAV-based pricing set on a forward pricing basis	Not required
Other unquoted and private equities (inc. alternatives, infrastructure and private equity). Level 3	These investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 special rules 2020 and US GAAP.	EBITDA multiple; Revenue multiple; Discount for lack of marketability; Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by any differences between audited and unaudited accounts.
Shares in Border to Coast Pensions Partnership	Cost	NA	NA

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£ m	**£ m**	**£ m**	**£ m**
Equities	0.0		1.2	1.2
Pooled Investments (note 1)	0.0	2,022.6		2,022.6
Infrastructure			140.4	140.4
Private Debt			83.0	83.0
Private Equity			197.3	197.3
Pooled Property		273.4		273.4
Financial assets at fair value through profit and loss	0.0	2,296.0	421.9	2,717.9
Financial liabilities at fair value through profit and loss	0.0	0.0	0.0	0.0
Financial liabilities				
Net financial assets	0.0	2,296.0	421.9	2,717.9

Note 1: The significant reduction in Level 1 investments from £114.6m to £0 reflects the sale of the JPM Unconstrained Bond Fund during 2021/22, which was reinvested into the Border to Coast Multi Asset Credit Fund

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2021	**Level 1**	**Level 2**	**Level 3**	**Total**
	£ m	**£ m**	**£ m**	**£ m**
Equities*			1.2	1.2
Pooled Investments	114.6	1,828.5		1,943.0
Infrastructure			72.3	72.3
Private Debt			84.5	84.5
Private Equity			175.0	175.0
Pooled Property		221.5		221.5
Financial assets at fair value through profit and loss	114.6	2,050.0	333.0	2,497.5
Financial liabilities at fair value through profit and loss	0.0	0.0	0.0	0
Financial liabilities				
Net financial assets	114.6	2,050.0	333.0	2,497.5

*Equities which represent Border to Coast shareholding restated to L3

The following assets have been carried at cost:

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
	£ m	**£ m**	**£ m**	**£ m**
Investment in Border to Coast Pensions Partnership **Investments held at cost**			1.2	1.2

Note 25 Reconciliation of fair value measurements within Level 3

	Market value 31 March 2021	Purchases during the year	Sales during the year	Change in market value during the year	Realised profit or loss (-) during the year	Market value 31 March 2022
	£ m	**£ m**	**£ m**	**£ m**	**£ m**	**£ m**
Private Debt	84.5	20.3	-24.8	0.4	2.6	83.0
Private Equity	175.0	25.3	-47.1	11.1	33.0	197.3
Infrastructure	72.3	65.0	-8.7	3.3	8.6	140.5
	331.8	**110.6**	**-80.6**	**14.7**	**44.3**	**420.8**

Note 26: Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund’s primary long-term risk is that the Fund’s assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund’s forecast cash flows. The Council manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Investment Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Council's pensions operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels; and
- specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

It is possible for over-the-counter equity derivative contracts to be used in exceptional circumstances to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument, or its issuer, or factors affecting all such instruments in the market.

The Fund is exposed to share price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital.

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored to ensure price risk is within limits specified in the Fund's investment strategy.

Following analysis of historical data and expected investment return movement, the Fund has determined that the following movements in market price risk were reasonably possible for the 2021/22 reporting period. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	2021/22 Potential market movement
	%
UK Pooled Funds	20%
Overseas Pooled Funds	19%
Bonds	8%
Cash	0%
Property	15%
Alternatives	8%

The potential price changes disclosed above are broadly consistent with a one-year dispersion in the value of the assets and are based on observed historical volatility of the returns of the asset class.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows (the prior year comparator is shown in the following table):

Asset Type	Value as at 31 March 2022	Potential market movement	Value on increase	Value on decrease
	£ m	£ m	£ m	£ m
UK Pooled Funds	443.6	88.7	532.3	354.8
Overseas Pooled Funds	971.0	182.6	1153.6	788.5
Total Bonds	609.2	48.7	658.0	560.5
Cash	40.5	0.0	40.5	40.5
Alternatives	420.7	33.7	454.4	387.1
Property	273.4	41.0	314.4	232.4
Total	**2,785.4**	**394.7**	**3,153.1**	**2,363.7**

Asset Type	Value as at 31 March 2021	Potential market movement	Value on increase	Value on decrease
	£ m	£ m	£ m	£ m
UK Pooled Funds	421.3	48.9	336.3	238.6
Overseas Pooled Funds	979.8	189.3	1303.1	924.4
Total Bonds	428.5	34.3	462.8	394.2
Cash	54.6	0.0	54.6	54.6
Alternatives	446.4	44.6	491.0	401.7
Property	221.5	31.0	252.5	190.5
Total	**2,552.1**	**348.1**	**2,900.2**	**2,204.0**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest rate risk is monitored as part of asset allocation decisions. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances. Changes to both the fair value of assets and the income received from investments impact on the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 1% change in interest rates.

Asset Type	Duration	Value as at 31 March 2022	Value on 1% increase	Value on 1% decrease
	Years	£ m	£ m	£ m
LGIM UK Corporate Bonds	7.2	56.4	52.4	60.5
LGIM UK Index Linked	20.3	130.4	103.9	156.8
BCPP Multi-Asset Credit	4.36	250.8	239.8	261.7
BCPP Investment Grade Credit	7.7	171.7	158.4	184.9
Cash balances	0.0	52.8	52.8	52.8
Total		**662.1**	**607.3**	**716.8**

Asset Type	Duration	Value as at 31 March 2021	Value on 1% increase	Value on 1% decrease
	Years	**£ m**	**£ m**	**£ m**
LGIM UK Corporate Bonds	7.7	60.3	55.6	64.9
LGIM UK Index Linked	21.4	124.3	97.7	150.9
JPM Absolute Return Bonds	3.1	114.6	111.0	118.1
BCPP Investment Grade Credit	8.2	184.0	170.0	197.9
Total		**483.2**	**434.4**	**531.9**

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

A strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows. This analysis assumes that all other variables, in particular interest rates, remain constant. The prior year comparator is shown below and based on the Fund's segregated overseas mandate which has now transitioned to the BCPP pool:

	Value as at 31 March 2022	Potential market movement	Value on increase	Value on decrease
	£ m	**£ m**	**£ m**	**£ m**
Overseas Pooled Funds	971.0	194.2	1165.2	776.8
Total	**971.0**	**194.2**	**1165.2**	**776.8**

	Value as at 31 March 2021	Potential market movement	Value on increase	Value on decrease
	£ m	**£ m**	**£ m**	**£ m**
Overseas Pooled Funds	1,113.7	109.1	1,222.9	1,004.6
Total	**1,113.7**	**109.1**	**1,222.9**	**1,004.6**

Credit risk

Credit risk represents the risk that the counterparty to a transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

The Pension Fund closely monitors employer contributions each month. All contributions from employers due to the Fund for March 2021 where received by the Fund in April 2022. The Fund's current policy for all new employers into the scheme is to obtain a guarantee that will ensure all pension obligations are covered in the event of that employer facing financial difficulties.

The Pension Fund's bank account is held at Lloyds, which holds an 'A+' long term credit rating (Fitch Credit Rating Agency) and it maintains its status as a well-capitalised and strong financial organisation. In addition, Lloyds has a 0.000% historic risk of default. As at 31st March 2022 the balance at Lloyds stood at £17.8m.

Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments, particularly cash to meet pensioner payroll and other benefit costs, and cash to meet investment commitments.

The Pension Fund has immediate access to its cash holdings and has had a long-term positive cash flow. Cash flow surpluses are invested with fund managers. The Pension Fund is authorised to borrow on a short-term basis to fund cash flow deficits.

The actuary to the Pension Fund produces regular cash flow forecasts which are presented to the Investment Sub-Committee.

All financial liabilities as at 31 March 2022 are due within one year.**Note 27: Funding arrangements**

In line with The Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2019 and set contribution rates for the three years commencing 1 April 2020.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment;
- to ensure that employer contribution rates are as stable as possible;
- to minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return;
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 19 years and to provide stability in contribution rates by spreading any increases in rates over a period of time. Normally this is three years but, in some cases, an extended period can be granted. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable. When an employer's funding level falls significantly short of the 100% funding target, then a deficit recovery plan will be put in place requiring additional contributions from the employer to meet the shortfall.

At the 2019 actuarial valuation, the Fund was assessed as 92% funded. This corresponded to a deficit of £180m.

Contribution increases were phased in over the three-year period ending 31 March 2023. The common contribution rate (i.e. the rate which all employers in the Fund pay) is as follows.

Valuation Date	**31-Mar-19**
Total contribution rate	
Primary Rate (% of pay)	20.1%
2020/21 Secondary Rate £000	60.71
2021/22 Secondary Rate £000	62.51
2022/23 Secondary Rate £000	64.36

Individual employer rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2019 actuarial valuation report and the funding strategy statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions are as follows:

Financial assumptions

Financial assumptions	31 March 2019
	%
Post Retirement Discount Rate	3.7%
Salary Increases	3.1%
Price Inflation/Pension Increases	2.3%

Demographic assumptions

Assumed life expectancy from age 65 is as follows.

Demographic assumptions	31 March 2019	
Assumed life expectancy at age 65	Male	Female
Pensioners	21.6	23.8
Non-pensioners	22.5	25.4

Commutation assumptions

It is assumed that future retirees will take 50% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and 75% of the maximum for post-April 2008 service.

50:50 Option

1.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option.

Note 28: Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's actuary also undertakes a valuation of the pension fund liabilities, on an IAS19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting Fund contribution rates and the Fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 27). The following is the full Pension Fund Accounts Reporting Requirement provided by the Scheme Actuary.

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2021/22 requires Administering Authorities of LGPS funds that prepare pension fund accounts to

disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Warwickshire Pension Fund ("the Fund").
The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

31 March 2021		31 March 2022
£m		£m
1,774	Active members	1,790
905	Deferred pensioners	840
1,180	Pensioners	1,095
(3,859)	Present value of promised retirement benefits (£m)	(3,725)
2,552	Fair Value of scheme assets (bid value) (£m)	2,776
(1307)	Net Liability	(949)

The fair value of scheme assets (bid value) figure as at 31 March 2022 has been provided by the Administering Authority and is as disclosed in the Fund's 2021/22 accounts.

The promised retirement benefits at 31 March 2022 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2019. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are different as at 31 March 2022 and 31 March 2021. I estimate that the impact of the change in financial assumptions to 31 March 2022 is to decrease the actuarial present value by £295m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £20m.

Financial assumptions

Year ended (% p.a.)	31 March 22	31 March 21
	%	%
Inflation/pensions increase rate	3.20%	2.85%
Salary increase rate	4.00%	3.65%
Discount rate	2.70%	2.00%

Longevity assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.6 years	24.1 years
Future pensioners (assumed to be aged 45 at the latest formal valuation)	22.7 years	25.9 years

All other demographic assumptions are unchanged from last year and as per the latest funding valuation of the Fund.

Sensitivity analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the liabilities are set out below:

Sensitivity to the assumptions for the year ended 31 March 2022	Approximate % increase to liabilities	Approximate monetary amount (£m)
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	68
1 year increase in member life expectancy	4%	149
0.1% p.a. increase in the Salary Increase Rate	0%	7
0.1% p.a. decrease in the Real Discount Rate	2%	75

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2022' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Robert Bilton
17 May 2022
For and on behalf of Hymans Robertson LLP

Note 29: Current assets

31 March 2021		31 March 2022
£m		**£m**
	Debtors:	
1.4	Contributions due: Employees	1.8
6.0	Contributions due: Employers	6.1
0.8	Invoiced debtors	1.3
0.2	Sundry debtors	0.1
17.0	Cash balances	17.8
25.4	**Total**	**27.0**

Note 30: Current liabilities

31 March 2021		31 March 2022
£m		**£m**
	Liabilities:	
0.6	Owed to administering authority	1.8
2.4	Sundry Creditors	1.3
0.4	Benefits Payable	0.7
3.4	**Total**	**3.9**

Note 31: Additional Voluntary Contributions

Contributions Paid 2020/21	Market Value 31 March 2021		Contributions Paid 2020/21	Market Value 31 March 2022
£000's	**£m**		**£000's**	**£m**
342.7	2.8	Standard Life	468.5	3.3
1.4	0.2	Utmost Life and Pensions	1.16	0.21
344.1	**3.0**	**Total**	**469.7**	**3.5**

Note 32: Related Party Transactions

Warwickshire County Council

The Warwickshire Pension Fund is administered by Warwickshire County Council. Consequently, there is a strong relationship between the Council and the pension fund.

During the reporting period, the Council incurred costs of £1.9m (2020/21: £1.9m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the pension fund. Employee and employer contributions from the Council amounted to £43.8m in 2021/22 (£41.7m in 2020/21).

Border to Coast Pensions Partnership

The Warwickshire Pension Fund, through Warwickshire County Council as the Administering Authority, is a shareholder in Border to Coast Pensions Partnership Limited. The Partnership 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 11 local authorities in order to gain the benefits of economies of scale, concentration of expertise and improved ability to reduce investment costs. The company was incorporated in 2017/18 and the first transfers of investment assets into the pool occurred in 2018/19. As at the balance sheet date all 11 partners own an equal 1/11th share of the company.

The Border to Coast Pensions Partnership is a joint venture that brings risks as well as benefits. The partnership has grown significantly, for example in terms of the value of assets under management and the number of personnel employed. At Fund level the pool manages 43.1% of total assets under management. Pooling and membership of the Border to Coast Pensions Partnership is a regular and high-profile feature of reporting to the Pension Fund Investment Sub-Committee and the Fund's risk register has regard to key pooling risks.

Governance

There was one member of the Pension Fund Investment Sub-Committee who was in receipt of pension benefits from the Warwickshire Pension Fund.

Each member of the Pension Fund Investment Sub-Committee is required to declare their interests at each meeting.

There are two member of the Local Pension Board who are active members of the Warwickshire Pension Fund and two pensioners.

Key management personnel

Several employees of Warwickshire County Council hold key positions in the financial management of the Warwickshire Pension Fund, alongside responsibilities for Warwickshire County Council directly. The following percentages represent the time each post has spent on pension fund activities during the financial year. The posts of Strategic Director for Resources (2%), Assistant Director Finance (16%), Strategy and Commissioning Manager (50%), Finance Service Manager Transformation (30%), Technical Specialist Pensions* (100%), Lead Commissioner Pensions and Investment (100%), and Pensions Administration Delivery Lead (100%) are considered to be key management personnel. These employees and their financial relationship with the Fund are set out below.

	2021/22	2020/21
	£000's	£000's
Short-term benefits	251.1	256.7
Post-employment benefits	-241.0*	630.6

*Technical Specialist pension data outstanding as started with fund March 22. Figure will be updated once data is received into the fund.

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Note 33: Contingent Liabilities

A contingent liability arises where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed or otherwise by future events. Contingent liabilities can also arise when it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Outstanding capital commitments at 31 March 2022 totalled £359.4m. Of this, £116.3m related to Private Equity, £151.3m related to Infrastructure, and £91.8m related to Private Debt.

Note 34: Going Concern

Going concern is assessed by management using four key factors as follows:

- Investment returns and Net Asset Values;
- Cashflow forecast and liquidity;
- Membership trends; and
- Funding level and delivery of agreed recovery plans.

Each is considered in turn below:

- Investment returns have improved in 2021/22 and at 31st March 2022 assets were valued at £2,758.4m an increase of 8.1% on the March 21 position.
- Cashflow forecasts confirm that the Fund can meet its obligations to pay pensions until March 2025 without the need to sell investments.
- In the three financial years to 31 March 2022, the number of employing bodies increased from 192 to 206 and current membership increased from 48,542 to 54,329.
- The fund was assessed as 92% funded as at 31 March 19, an improvement on the funding level of 82% at 31 March 2016. It is important to remember that the Fund does not need to be 100% funded to be a going concern, it simply needs to be able to meet benefit obligations each month as the fall due.

For the reason set out above, management are satisfied that the Warwickshire County Council Pension Fund is a going concern and the financial statement for 2021/22 have been prepared on this basis accordingly.

Glossary

A

Actuarial valuation
A review of the assets and *liabilities* of a pension fund to determine the surplus or deficit, and the future rate of contributions required.

Alternative investments
Investments other than the mainstream *asset classes* of *equities* and *bonds*. Alternatives include *hedge funds*, *private equity*, private debt, *infrastructure* and *commodities*. Property is also sometimes described as an alternative.

Asset allocation
The apportionment of a fund's assets between different *asset classes*.

B

Benchmark
A yardstick against which the investment policy or performance of a fund manager can be compared.

C

Currency risk
Investing in any securities not denominated in the investor's own base currency introduces currency risk due to the *volatility* of foreign exchange rates.

D

Defined benefit scheme
A type of pension scheme where the pension that will ultimately be paid to the employee is fixed, usually as a percentage of final salary. It is the responsibility of the sponsoring organisation to ensure that sufficient assets are set aside to meet the pension promised. Compare with *defined contribution scheme*.

Deferred Pensioners
Members of the Pension Fund who are no longer active employees making contributions to the Fund but who are not yet receiving their pension (may also be referred to as Deferred Members).

Diversification
The spreading of investment funds among different types of assets, markets and geographical areas in order to reduce *risk*.

H

Hedge Funds
A hedge fund is a capital pool that has the ability to use *leverage* and to take both *long* and *short* positions with the aim of achieving an *absolute return*. A large variety of hedge fund strategies exist, and the level of *risk* taken will vary. Investors looking for a diversified

exposure to hedge funds will normally opt for a fund of hedge funds – a fund with underlying investments in several hedge funds covering different strategies and geographical areas.

I

IAS19 (International Accounting Standards)
An accounting standard which requires organisations to incorporate their pension funds into their balance sheets and specifically that all pension fund *liabilities* should be valued using an AA corporate bond yield. Any mismatch between assets and liabilities is effectively brought on to the organisation's balance sheet.

IAS1
An accounting standard that sets out overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content.

P

Private equity
Funds put up by investors to finance new and growing businesses. Also known as venture capital

Pooled funds
Pooled funds are where the Fund does not directly own underlying assets.

Private Debt
Private debt comprises mezzanine and other forms of debt financing that comes mainly from institutional investors such as funds and insurance companies – but not from banks.

R

Risk
In its simplest sense, risk is the variability of *returns*. Investments with greater inherent *risk* must promise higher expected returns if investors are to invest in them. Risk management is an important aspect of portfolio management and involves the use of complex statistical models.

S

Stock lending
The lending of a *security* by the registered owner, to an authorised third party, for a fixed or open period of time, for an agreed consideration secured by *collateral*. The demand to borrow *securities* comes mainly from *market makers* to cover *short positions* or take *arbitrage* opportunities.

T

Transaction costs
Those costs associated with trading on a portfolio, notably *stamp duty* and *commissions*.