

# Warwickshire County Council

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## STATEMENT OF ACCOUNTS 2022-2023

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# Warwickshire County Council

## Statement of Accounts

**Section A:** Narrative Statement

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# Introduction

I am pleased to introduce our Statement of Accounts for 2022/23. 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 2022/23 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 2022/23 are prepared and set out.

Globally and locally, we continue to experience significant financial uncertainty and significant

inflationary pressures. Living costs have increased considerably due to a range of factors including the war in Ukraine, a shortage in the supply of labour, the medium term global effects of Covid-19 on the flows of goods and services and the increased cost of energy, food, and fuel. This unprecedented combination has had a profound impact on residents, communities, businesses.

The Council has taken a key role in supporting communities, by offering a package of Cost of Living support, such as our 'Warm Welcome Locations' as well as targeted support to residents through the Household Support Fund and providing investment and financing opportunities to businesses through the Warwickshire Recovery and Investment Fund.

The Council continues to strive to deliver the Council Plan launched in 2022 setting out a clear vision of what we want to achieve through our three strategic priorities: to create a thriving economy with vibrant places; to enable people to live healthy and happy lives; and to create sustainable futures for our people, reflecting the importance of taking concerted action on climate change



**Rob Powell**  
Strategic Director for Resources

# Organisational overview

We are in the second year of delivering our Council Plan which was approved in February 2022. 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 delivering against the Council Plan priorities is fully integrated - 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 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.

The Council Plan and Medium Term Financial Strategy are supported by an Integrated Delivery Plan that sets out a defined programme of delivery against our strategic ambitions on a rolling two-year basis.

At the heart of these is 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.

There are a number of key themes to the strategy:

- Delivering against our Countywide Approach to Levelling Up, with a strong commitment to work with partners to develop a clear approach to delivering against 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 Impact and Green Shoots funds and the Food Forum; and

- 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

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 ten members, including the Leader of the Council, Cllr Izzi Seccombe OBE. Warwickshire's Councillors are responsible for setting and overseeing 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 2022/23 Warwickshire operated through three Directorates: Communities (including Fire and Rescue), People (including Public Health & Education) 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 4,247 full-time employees and just over a third of our spending each year is on staffing. This is an increase of 90 full-time employees from last year, which is a mix of positive recruitment and retention, some a planned organisational changes and additional temporary staffing linked to one-off funding. 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 neighbouring councils including Coventry City Council, Solihull Metropolitan Borough Council, and the five

Warwickshire District and Borough Councils, and we are a non-constituent member of the West Midlands Combined Authority. We work closely with local NHS organisations, particularly through the Health and Wellbeing Board and the Coventry and Warwickshire Integrated Care Board. 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 and outside of 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.

<b>Revenue Resources</b>		<b>2022/23</b>	<b>2023/24</b>
Original gross income budget at start of year		£m	£m
Business Rates	-----	73.6	80.8
Council Tax	-----	305.2	321.8
<b>Total Unconditional Revenue Resources (Gross)</b>	-----	<b>378.8</b>	<b>402.6</b>
Specific Government Grants	-----	99.8	112.4
Adult Social Care Levy	-----	38.0	40.8
Customer and Client Receipts	-----	107.8	126.7
Dedicated Schools Grant	-----	249.1	261.3
<b>Total Revenue Resources</b>	-----	<b>873.5</b>	<b>943.8</b>

Adult Social Care is the second largest area of revenue spending after Schools 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 and 1% between 2021/22 and 2023/24) 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 continuously review how we deploy these resources for maximum impact.

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	2022/23	2023/24	2024/25 and later
	£m	£m	£m
Capital Grants and Contributions	106.4	147.0	97.7
Receipts from the Sale of Assets	8.7	20.5	87.2
Direct Application of Revenue Resources	0	0.1	0.0
Borrowing (to be repaid from revenue resources)	2.3	90.1	166.4
<b>Total Capital Resources</b>	<b>117.4</b>	<b>257.7</b>	<b>351.3</b>

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 several 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.

In 2022/23 a new Asset Replacement Fund was 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. A review of the fund balance is undertaken annually as part of the refresh of the capital budget to ensure the level of funding is consistent with the emerging needs from Service asset management plans.

A Capital Inflation Contingency Fund has also been set up to manage the impact of inflation on the approved capital programme.

A further fund linked to capital is the Investigation Design Fund, this is a fund which seeks to reduce the risk of approving capital projects without fully understanding the true costs of delivery, and therefore should reduce the risk of capital projects requesting additional funding once in the delivery stage.

### Savings and efficiencies

The resource estimates shown above reflect 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

This will be achieved via the use of the Investigation Design Fund to provide up-front funding for investigative work that is necessary to give greater cost certainty when a full business case is submitted for approval.

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.

possible in an environment of high 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 £67.7m 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 through our quarterly financial 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 £33.7m of the Available-for-Use reserve by 2027/28.

<b>Reserves Balances</b> at start of year	<b>2021/22</b> £m	<b>2022/23</b> £m
Management of Risk	15.6	8.8
Available to Use Reserve	48.8	50.5
Earmarked Reserves	83.3	91.1
General Reserves	26.0	26.0
Specific Investment	47.7	26.2
Schools	23.1	20.4
<b>Total Reserves</b>	<b>244.5</b>	<b>223.0</b>

## 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. At the end of 2022/23 our share of the scheme shows a small surplus of £12.0m. This is due to the impact of inflation increasing the discount rate at which future liabilities are assessed. The statutory arrangements that underpin the scheme mean we are not permitted to use this accounting surplus to support investment in services.

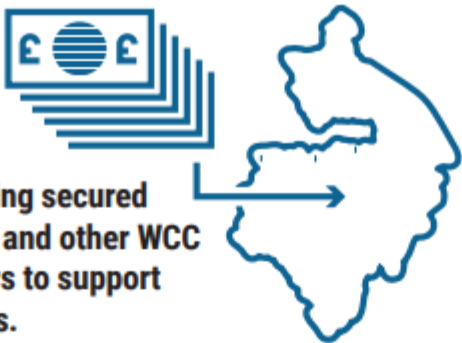
Both the accounts for the County Council and the Pension Fund are included in this document, though they are operated as independent entities. The County Council's accounts reflect the pension disclosures relating only to its own employees. This includes disclosures for those staff with alternative pension schemes, such as Teachers and Firefighters. The net liability for our share of these nationally administered schemes is £267.9m.

## Management of Risk

The successful delivery of the Council Plan and Integrated Delivery 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 2022/23




**£10.7 million** of external funding secured by Communities and other WCC services/partners to support Council priorities.



**94.89%** of 16/17 year olds are recorded as in education, employment of training.



**49%** of household waste re-used, recycled and composted.




There has been a **14.29% increase** in e-books and audio loans.




Our Registration Service conducted **2911 marriage ceremonies** and delivered **64 citizenship ceremonies**.



Delivered road safety education sessions to **18,678 people**.




**99%** of planning applications determined as Highway Authority within their statutory time period.



**73.4%** of Warwickshire premises with gigabit capable broadband.

**52.6%** of KS4 Warwickshire pupils achieved 9-5 (strong pass) in English and Maths.



## Performance Overview for 2022/23

Our ambition is to make Warwickshire the best it can be and our Council Plan, which was adopted in April 2022, sets out how we will make this happen and outlines three strategic priorities we will work towards:

- We want Warwickshire to be a County with a thriving economy and places with the right jobs, skills, and infrastructure.
- A place where people can live their best lives; where communities and individuals are supported to live safely, healthily, happily and independently.
- A County with sustainable futures which means adapting to and mitigating climate change and meeting net zero commitments.

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.

These strategic priorities are further supported by seven Areas of Focus and our progress this year is detailed against each of these. Our Integrated Delivery Plan was approved in May 2022, bringing together the work taking place across the Council to deliver outcomes against the seven Areas of Focus. It includes key elements of our service business plans for the financial year 2022-23, along with our change projects and key capital priorities.

### Seven Areas of Focus

#### **Create vibrant places with safe and inclusive communities**

Levelling Up is a key driver within this Area of Focus and, in July 2022, our Levelling Up Approach was approved by Cabinet. We are working closely with partners across the county to develop five 'place plans' at District and Borough level, to identify and deliver local priorities, based on an analysis of data across a

broad range of levelling-up themes and informed by the views of our residents.

Our Trading Standards and Community Safety Teams have been proactive in making our communities safer and more inclusive. They have successfully led the Serious Organised Crime Programme to tackle County Lines resulting in their approach being recognised as best practice by the West Midlands Regionally Organised Crime Unit.

The team has led an extensive programme to tackle organised criminal networks connected to the supply and sale of illicit tobacco and other counterfeit goods recovering £1.0m worth of illegal cigarettes and hand rolling tobacco.

There was a successful application to the Home Office for £0.3m Safer Street Funding for delivery of the programme by March 2023 and another successful application resulting in £0.4 million for programme delivery by September 2023. The team delivered Prevent training to over 2,000 people, a 25% increase on the previous year and continues the improving trend across the last few years.

An advisory service was established for the implementation of Natasha's Law, ensuring that labelling listing all the ingredients on individual packaging of products that are considered pre-packed for direct sale. The service included both training and a countywide programme of inspections for high-risk independent retailers.

The service has also started work on responding to the new duty on Serious Violence, working with the Office of the Police & Crime Commissioner to develop a serious violence needs assessment with partners.

More than 450 responses were received to the public consultation on the new Warwickshire Fire & Rescue Service (WFRS) Prevention, Protection & Response Strategy 2022-27 and, incorporating the feedback received, the strategy has now been launched.

Another significant milestone for the Service was the opening of the new Training & Development Centre in March, combining training facilities for incident command, working

at height or confined spaces, road traffic collisions and breathing apparatus.

WFRS crews continue to respond to emergency calls efficiently and effectively particularly in the arduous conditions over the hot summer with significantly increased operational activity, attending 449 outdoor and wildfires from June to August, compared to 122 in the equivalent months in 2021.

The Service continues to make progress in response to the findings of His Majesty's Inspectorate for Constabularies and Fire & Rescue Service (HMICFRS) inspection in 2021, where three 'causes of concern' were issued relating to Prevention, Protection and Equality Diversity and Inclusion. Following a revisit, HMICFRS were satisfied that the Service had addressed all recommendations in relation to the Prevention cause of concern and it was discharged in January 2023. The outcome is awaited from the round three inspection programme which took place in March 2023.

Within the Service the on-call recruitment campaigns have resulted in twelve successful candidates, contributing to a steady upward trend in fire appliance availability.

Our Coventry, Solihull and Warwickshire Resilience team launched the Warwickshire County Council Emergency Management Plan, providing a single framework for the management of public safety emergencies, business continuity and recovery, helping to keep our communities safer.

### **Deliver major infrastructure, digital connectivity, and improved transport options**

During the last year significant progress has been made on our major infrastructure schemes that aim to improve our networks across the county. Both the A46 Stoneleigh Junction and the Bermuda Connectivity Improvement schemes have progressed across the year and are due for completion in 2023/24. Other schemes such as Europa Way and Transforming Nuneaton continue to make good progress. We also supported the A46 Binley Junction Improvement scheme, led by Highways England, which was successfully completed in February 2023.

Digital connectivity continues to move forward through our support and facilitation of the development of the 4G and 5G networks. We have also launched the 'You Can' online scheme where a loan facility provides residents with the opportunity to develop digital skills.

Sustainable travel is promoted through the use of low emission vehicles, and we have recently been successful in securing funding from the Low Emissions Vehicles Infrastructure Fund to build a solar powered rural charging hub in Harbury village. Further funding from the Capability stream of the same fund has allowed us to recruit a dedicated role to support the rollout of the Electric Vehicle infrastructure across the county. To date we have supplied 158 charging points across 24 hubs in the county for electric vehicle charging.

We secured more than £5m government funding during the year extending and accelerating the Council's work to encourage active travel. The Government allocated us £0.4m from the Active Travel Capability Fund in December 2022, double the allocation received in the previous year. The award followed an assessment of English local authority's active travel capability and ambition which considered local leadership, plans and delivery record for bringing forward high-quality infrastructure schemes that enable more people to walk, wheel or cycle for everyday trips. Warwickshire was assessed as having 'strong local leadership, with clear plans that form the basis of an emerging network with a few elements already in place', only five local authorities achieved a higher rating.

The capability funding is paying for engineering concept design work for active travel infrastructure schemes across the county and other activities to encourage more walking and cycling. The assessment helped us to secure a further £4.8m from the Government's Active Travel Fund in March 2023 to help deliver new active travel infrastructure with the funding split between the A47 Hinckley Road cycle route in Nuneaton, Kenilworth to Leamington Spa cycle route, and the Leamington Spa to Rugby cycle route which follows a former railway line via the Offchurch Greenway and Lias Line. These



schemes add to the four already delivered in 2022/23.

In 2021 the Council launched a £140m fund to stimulate the county's economy, create jobs, support local businesses, and bring investment into the county. The aim is to distribute £140m over the five years, offering loans and other financial investments to existing and new businesses to help their long-term recovery and growth. The investment is a fundamental part of the Council's COVID-19 Recovery Plan and, together with other support from the Council, is expected to create over 3,000 new jobs and safeguard many thousands more. We, along with our subsidiary property company, have entered a Joint Venture Partnership to deliver homes across the county, making best use of the Council's land assets to support the delivery of our strategic outcomes.

#### **Promote inclusive, sustainable economic growth, successful business, good quality jobs and future skills**

There has been considerable progress and success within this Area of Focus this year. As a county, Warwickshire attracted 45 foreign investment projects in the year 2021/22, maintaining the trend of recent years and performing better when compared to the UK average. The ongoing performance is also strong when compared to the rest of the Midlands, where per capita (of the population), Coventry & Warwickshire is the leading investment destination. According to research by Ernst & Young on behalf of the County Councils' Network, the county of Warwickshire emerged as the strongest performer in 2021 of the 36 English counties, and over the period 2018-21, Warwickshire was the leading county for foreign direct investment of the 9 Midlands counties, and the third nationally out of the 36 English counties. The Invest Coventry & Warwickshire area was also named second best region for 'Foreign Direct Investment Strategy' by FDI Magazine (2022). Data for 2022-3 to be released later in the year follows these positive trends.

There were 92,725 employees in our key priority sectors in 2021, with 302,410 employees in total, which was an increase of 6,095 employees since 2020, 2022 data will be available in summer 2023. There was an increase in the

overall number of employees in Warwickshire which reflects the recovery in the economy following the pandemic. The main increase in the number of employees in key priority sectors came from the tourism sector which saw an estimated increase of 2,865 employees and is now more comparable to pre-pandemic numbers. Other large increases were in the automotive sector with an increase of 1,800 employees and the digital and creative sector with an increase of 1,700 employees.

An Economic Impact report has revealed that Warwickshire welcomed 104,000 spectators to its Commonwealth Games venues in Warwick and Leamington over 11 days of operation. Just over 50,000 of those attended the Women's and Men's Cycling Road Races in Warwick. This by far exceeded original estimates of 30,000. The cycling is estimated to have generated £1.9m to the local economy, and directly supported the creation of 26 new jobs in the accommodation, catering and retail sectors. In addition to the road race, the Live Festival Site in Warwick Market Place was hugely popular and entertained nearly 20,000 locals and visitors during the Games.

Across the year the Economy and Skills Team supported 923 businesses to start and grow, secured £2.5m from the Government's new Multiply Fund and supported the District & Borough Councils with their £16m investment plans for the UK Shared Prosperity Fund and supported the delivery of £1.9m of loans via the Warwickshire Recovery and Investment Fund. The Team have been proactive and creative in supporting businesses with their employment needs: over £0.3m of Apprenticeships were supported by the Council's Levy Funds; over 40 businesses committed to be Inclusive employers and offer Inclusive job opportunities; 37 Schools were awarded Career Grants.

Adult and Community Learning enrolments in the academic year 2021/22 were 2,824 in total. This compared to 2,630 in 2020/21 and was against a set target of 2,800. These enrolments are across skills funded courses such as English, Maths, IT and English as a Second Language, and community learning, including family learning.

Our redesigned Warwickshire Supported Employment Service to support people with

Learning Disabilities and Autism into employment was recently launched. This is an ambitious programme providing end to end support for individuals with SEND or autism as well as the recruiting businesses. It is anticipated that when fully established the service will support 400 individuals.

### **Tackle climate change, promote biodiversity and deliver on our commitment to Net Zero**

Our Sustainable Futures climate change programme is ambitious, and we are committed to delivering impact through the programme. Warwickshire County Council has been rated amongst the top local authorities for sustainability by the West Midlands' Local Authority Sustainability Benchmark. Published on behalf of the Environment Agency, the benchmark looks at actions taken in detail across the sustainability agenda. Overall, the Council was awarded a score of 67.1%, which is an increase of five percentage points on the previous year and placed 7th of the 21 regional authorities that took part.

We have developed a draft Sustainable Futures Strategy, which establishes our direction and priorities to reduce carbon emissions, support biodiversity and promote economic growth across our County. A draft action plan sits beneath the Strategy and will set out our trajectory to meet our net zero targets for 2030 (WCC) and 2050 (Warwickshire as a county). We invited Warwickshire residents to share their feedback on our Strategy via an online survey and a series of focus groups.

Our approach is multi-faceted including through our Country Parks and Greenways, where the sites across the county welcomed over 900,000 visits last year. Not only are these enjoyable spaces to visit but there are tremendous biodiversity and carbon offsetting benefits attached to them as we are actively managing the spaces to encourage nature, marginal species and biodiversity. This year 36 of the 38 Warwickshire species of butterflies were spotted at our Ryton Pools site and the site is one bumblebee species away from being declared as a site of national importance for the first time.

The Waste and Environment service supported nearly 9,000 hours of volunteer input, helping to manage the flora and fauna and infrastructure at the sites, and providing a social health and wellbeing benefit to over 30 regular volunteers, as well as participants from corporate volunteering groups. The team has also successfully secured grant income of £30,000 from National Highways to create an acre of new wildflower meadow and 240m<sup>2</sup> of pond margins.

Another role our Country Parks play is delivering outdoor education sessions. In total, 1,787 school children participated this year, 1,300 children have attended organised birthday parties, 1,045 children taken part in holiday events and 363 in holiday trails.

We have planted the first 20,000 acorns in our new tree nursery, which will support our own tree-planting ambitions to plant a tree for each resident by 2030 and supply other organisations and businesses with surplus whips and saplings.

During the last year we have seen a successful second round of Green Shoots Climate Change Fund, which awarded 38 community-led projects a total of £0.3m, adding to the previous 69 projects that received £0.6m in 2021. These projects include low-carbon energy solutions, community orchards and behaviour change programmes. Including operating costs, £1.0m has been allocated and spent via the Green Shoots Climate Change Fund.

### **Deliver our Child Friendly Warwickshire strategy - Happy, healthy, safe children**

There are several achievements this year within this Area of Focus which we are very proud of, most notably our children's services which were judged as Good in all areas following the Ofsted inspection published on 1st February 2022. This is an improvement on the previous inspection in May 2017 where we were judged as Requires Improvement. At the inspection Ofsted found that our social workers listen carefully to children and make sure that children's views inform decision-making. Social workers were found to be building stronger, more trusting relationships with families and giving parents confidence to develop their parenting skills. This inspection was followed by a 'focussed visit' from Ofsted in March 2023, looking at WCC's



arrangements for care experienced young people. Ofsted found that there has continued to be an effective focus on improving services for care experienced young people since the full inspection. Inspectors noted that the services had strengthened despite a challenging backdrop of financial pressures and rising need.

Last April more than 70 young people from across Warwickshire came together for the first Child Friendly Warwickshire Youth Conference: Future Ready, to discuss important topics facing them today. The event was organised with the help of young people who chose the five themes for the day, which were climate change, mental health, careers, respectful relationships and youth homelessness. Following the event, by October there were 100 “friends”, including businesses, charities and community groups all committing to being child friendly.

Cherry Tree House in Stratford, Warwickshire’s first home for children in care, officially opened on Monday 9<sup>th</sup> May 2022 with children moving in towards the end of the summer. Cherry Tree House is the first of several residences planned across the county that aim to ensure that the children who will live there can be safe, skilled, heard, healthy and most importantly, happy.

A new placement hub was implemented to identify the most appropriate homes for children in care. The team is now established with additional workers being recruited to increase capacity. A wraparound service for foster carers and children in care was relaunched in Spring 2023.

Alongside these achievements we have experienced significant positive performance in several of our performance measures including the number of children subject to a Child Protection Plan, which has seen figures reducing and stabilising recently, following consistently high and above target numbers since November 2021. Similar patterns have been seen in the number of children with an open ‘in Need’ category, including Child Protection Plans and Children in Care as well as the number of Children in Care, excluding unaccompanied asylum-seeking children.

We continue to work with partners to deliver a “50 things to do before you’re 5” pilot project.

The app highlights developmental learning and Warwickshire place-based activities for children to engage with.

The Warwickshire & Coventry Children & Young People’s Mental Health Improvement Strategy and action plan was developed in collaboration with partners. As part of this, an 18-25 transitional offer was established for those moving from children and young people’s services into adult mental health services. This service was provided across Coventry and Warwickshire by Coventry and Warwickshire MIND and due to its success, an extension to the contract has been agreed.

A number of initiatives were undertaken with the aim of increasing access to Early Help and Targeted Youth Work in the county. We continue to provide free parenting courses and advice, and outcomes are very strong within this area. Extra staff have been recruited to support the demand for brokerage and family support services, particularly within Nuneaton and Bedworth and Warwick where there are waiting lists for support.

To ensure refugees from Ukraine and other countries moving to Warwickshire receive a warm welcome the resettlement service was redesigned and there are now dedicated staff working in this area. To date Warwickshire has supported over 1,000 Ukrainian nationals with 600 of our residents acting as sponsors and welcoming them into their homes as part of our Homes for Ukraine initiative.

### **Through education, improve life opportunities for children, young people and those with special educational needs and disabilities**

Following the period of disruption to our children’s education during the pandemic, this Area of Focus is a priority for us as we endeavour to support schools and help children to catch up.

A review of school performance data was undertaken at each of the Key Stages following a period of data being unavailable since 2019 due to Covid-19. Support for vulnerable maintained schools has been commissioned from system leaders with the School Improvement team keeping records to review progress. Schools requiring support were also

encouraged to engage with locality-based consortia groups where small groups of schools and governors can have supportive and challenging conversations about self-evaluation of performance, with all identified primary schools and 57% of identified secondary schools taking part.

Warwickshire has 88% of its learners attending a setting that is rated either 'Good' or 'Outstanding'. 18,204 pupils (22%) are attending 'Outstanding' settings, while 56,369 pupils (66%) are attending a 'Good' rated setting. These results compare favourably to national averages where 19% of pupils are attending a setting rated 'Outstanding', and also to Warwickshire's statistical neighbours where 16% of learners attend a setting rated 'Outstanding'.

A new auto-allocation method of admissions was introduced this year for in-year school applications. Initially there were significant problems arising from the implementation of these changes, which were rapidly addressed and by the end of 2022 the timescales for in-year place outcomes were, and remain, much improved following focussed improvement activity. This year, we will work to further improve and maintain performance levels and further enhance the wider school admissions service. Overall, in the county for the 2023/24 academic year, there were 6,333 applicants for a reception place and 1,207 applicants for a Year 3 place at a Junior school. A high level of children applying were offered a place in one of their top three preferences, for reception, a total of 98%, for junior school places, 99% and for secondary school places 94%.

We continue to support our children with Special Educational Needs and Disabilities (SEND), opening the Warwickshire Academy on 10<sup>th</sup> May 2022. The school has been re-purposed to include all the features of a modern school and provides places for 80 children, from the ages of 9 to 19, whose complex needs mean that they cannot be accommodated in mainstream settings.

A Capital and Sufficiency Strategy for SEND is now also in place following a review of special schools and units in mainstream schools, meaning we have a good understanding and

assessment of current capacity and the need for future provision. On March 16<sup>th</sup>, 2023, Cabinet unanimously agreed to projects that would add an additional 60 places to the county's SEND provision. The expansion of schools that meet the needs of learners with SEND, in line with population growth, is a priority to ensure that there are enough places. Nuneaton & Bedworth and Warwick have been identified as areas with a high demand for SEND places across all year groups.

This year, Warwickshire had 1.7% of 16 and 17-year-olds in a NEET (not in education, employment or training) situation, and 1.7% whose activities were not known. This gives a combined score of 3.4%, which is a decrease from the combined figure of 3.8% in 2021, which compares to the West Midlands average of 5% and the England average of 4.7%. This marks a trend in which Warwickshire has been excelling in recent years and the county is now placed amongst the highest performing areas of England, based on comparable local authority areas.

Our Family Learning Team was shortlisted in the Early Years category in the Campaign for Learning's Family Learning Awards for its work across the county with families of children aged 0-5. The Family Learning Awards celebrate the inspirational work of organisations that create wonderful learning opportunities for families.

The Special Educational Needs and Disabilities and Inclusion Change Plan, through interventions and savings, aims to reduce the year-on-year high needs deficit whilst achieving better outcomes for children and families. The overspend for the High Needs Dedicated Schools Grant block is £4.3m, which is lower than the resources we had set aside in the medium term financial strategy to offset the deficit.

### **Support people to live healthy, happy, and independent lives and work with partners to reduce health inequalities**

Helping people to live well is important for us and our themed advertisement campaigns throughout 2022 have focussed on signposting the public to available support, such as our 'living well' website containing resources and tools to support better mental health, signposts

to financial advice and promoting healthier lifestyles.

The newly established Integrated Care Partnership (ICP) brings together a broad alliance of partners concerned with improving the care, health and wellbeing of the population, including Warwickshire County Council. From August to December 2022, the ICP worked together to produce the first draft of an Integrated Care Strategy for Coventry and Warwickshire, which outlines how they will work together to meet the health and wellbeing needs of the population in the area.

A new wellbeing service for informal carers launched on 1<sup>st</sup> October 2022. The service was set up by the Council and the service provider, Carers Trust, Heart of England, and was designed with input from carers. As well as digital support, phone and face to face support with advisors and other carers, the service now offers carers assessments for adults and young carers throughout Warwickshire.

The virtual Care Quality Commission inspection of the Warwickshire Reablement Service maintained a rating of Good. The service also achieved a WOW staff recognition award to recognise outstanding staff. The Reablement service is achieving 72.6% of existing reablement customers not needing an ongoing package of care, which is a strong outcome for customers regaining their independence.

Warwickshire Safeguarding is a multi-agency Partnership established to ensure safeguarding measures are met and that vulnerable adults and children across Warwickshire are protected from harm and abuse. Warwickshire Safeguarding's process for identifying and considering possible Safeguarding Adult Reviews and Serious Case Reviews has been recognised by the College of Policing as an exemplar, receiving praise for the consistent and cooperative approach with partners, timely responses and clear promotion of learning. A review was undertaken on the impact of the Warwickshire-wide falls service for medium to high-risk fallers. As a result of this, working collaboratively with partners a new prevention offer was developed and implemented.

As part of efforts to improve the mental health and well-being of adults living in Warwickshire a new Collaborative Partnership to deliver a community based mental health support service across Warwickshire was mobilised. Over six months of operation referrals and calls to the helpline have increased. Digital chat has now also been introduced as part of the offer and a communication plan is being rolled out to increase awareness of the service.

We participated in Social Work Week 2023, sharing both national online events hosted by Social Work England and hosting internal events. The week presents an opportunity to share the latest updates on social work, opportunities for reflection as well as celebrating social work colleagues at the Council.

We facilitated a Health Equity Group pilot programme with community residents and representatives to identify ways to close the gap on health outcomes and address health inequalities agenda. Options to develop this work further are currently being considered.

The theme of this year's published Director of Public Health's report was health and the high cost of living in Warwickshire. The recommendations are framed around the themes of housing, food, and transport in order to address the causes of poor health and wellbeing.

In 2022 the Coventry and Warwickshire Suicide Prevention Strategy for 2023 to 2030 was published, which seeks to ensure suicide prevention activity is embedded and prioritised across the system. This strategy has been endorsed by the Health and Wellbeing Boards of Coventry and Warwickshire.

### [Supporting these areas of focus we will be a Great Council and partner](#)

#### **Harnessing Community Power**

A £2.5m Social Fabric Fund was developed, which will invest in social infrastructure primarily in the 22 Lower Super Output Areas of the county in the top 20% of the Indices of Multiple Deprivation in line with the priorities set out in the Countywide Approach to Levelling

Up. The fund, a combination of revenue and capital, will embed the community powered principle of “working with” communities, rather than “doing to” or “doing for” them. Work around four Levelling Up pilot projects commenced. The pilots, each unique to the areas and communities concerned, will apply a community powered approach from a starting point of the priorities and challenges identified by the communities themselves.

Our £1.3m Social Impact Fund has been used to empower and enable local communities to have the skills to lead change and build capacity in their priority areas. 21 grants have been awarded, a mixture of capital and revenue awards, with projects to be completed within 18 months.

The Warwickshire Food Forum continued to gather momentum, with the Food Strategy and its underlying Delivery Plan helping to galvanise actions by the Council and its partners to tackle food poverty and help to ensure a sustainable supply of affordable, healthy food.

Five Community Powered Warwickshire “ground breakers” applied community-driven approaches across the areas of town-centre regeneration, internal organisational development and culture change, transport and road safety, place shaping, and food provision.

New Advice, Voluntary Community and Social Enterprise Sector Infrastructure Support, and Equality Support services, started during the year, representing a £5m investment in voluntary sector services over 5 years.

The new services, provided by Citizens Advice, Warwickshire Community and Voluntary Action, and the Equality and Inclusion Partnership respectively will provide advice to residents in respect of debt, money management, benefits, housing, immigration, and employment matters, support to volunteers and voluntary groups, and support, casework, and training around the characteristic groups within the Equality Act 2010.

The Councillors’ Grant Fund ran for another year, with each of the 57 Councillors receiving an allocation of £8,000 to award to small-scale projects in their areas. With the average award

being around £1,000, nearly 450 local projects were supported.

The Voice of Warwickshire residents panel gives people who live in Warwickshire an opportunity to share their views on a variety of subjects. Results from surveys completed by panel members are given directly back to decision makers within the council, to assist them when making plans and decisions. During 2022, the panel contributed to policy development on climate change, levelling-up, our Fire & Rescue Service and the design of our website.

We launched a brand-new podcast channel with the first in a series of podcasts called [Let’s Talk Warwickshire](#). The podcast series are available through Spotify and focus on important issues facing the communities of Warwickshire.

### Using our data and digital solutions to improve service delivery

Our Digital and Data Strategy 2022-2027 was developed this year and outlines our ambitions over the coming years. Our Council Plan requires ICT to innovate and evolve again resulting in the following deliverables:

- supporting the digital enablement and transformation of service delivery;
- designing services right first time to reduce costs and support the Medium-Term Financial Strategy;
- implementing new technology in a controlled and considered way that accelerates service transformation; and
- building on the considerable progress in understanding our data and obtaining insight from this, we now seek to embed a culture of accountability across all services for the data we hold, the quality of data collected, and utilising our data as the strategic asset it is.

A data roadmap and a digital roadmap have been developed to take us forward over the next few years and help us track progress. To support this work, the Council undertook a data maturity audit, using the Local Government Association Toolkit, to gauge our current position and identify priority improvement themes. In

addition, a new Data and Intelligence section has been created on the Council's intranet, bringing a lot of our products, insights and analysis into a single place. This has also been made available and promoted to Elected Members.

We have seen a significant increase in the use of management information dashboards, delivered through Power BI, across the organisation. At the end of 2022/23, these dashboards are being viewed an average of 8,000-10,000 times per month.

### **Our people and the way we work**

Despite the challenging labour market, we continue to see encouraging results from our employee engagement activity, including an increase in overall engagement from 74% to 76%.

Throughout this year we have experienced recruitment and retention challenges across many of our services, particularly including children's social work, engineering, ICT, finance and business intelligence. However, we have seen an improvement in our retention levels throughout the last year, with a yearend position of 87%, which remains positively above our target of 85%. Turnover is at 12.9% for the rolling 12 months, although this has fluctuated across the year, overall, there has been a slight reduction from 13.0% recorded for 2021/22. A number of Strategic Workforce Planning sessions took place in the Autumn where key themes have been identified for prioritisation within the Our People Strategy Year 3 plan. We continue to review our approach to reward and recognition to ensure that the overall employment offer is competitive, and we are seen as an employer of choice, continuing to capitalise on the very positive results of the recent staff surveys and 'Big Conversation' workshops.

Although sickness levels have increased slightly, this was not unexpected as we moved into a new way of hybrid working, our levels have stabilised throughout the year, remaining just under target 8 days per Full Time Equivalent (FTE with a +1-day tolerance) and remain considerably lower than previous years.

A review of our culture activity, to enable delivery of the Council Plan and support our values and behaviours, was undertaken as part of the delivery of the Year 2 of "Our People" strategy action plan.

### **Cost of Living**

One of the biggest challenges for us this year were the Cost of Living challenges which affected our residents, communities, businesses, and visitors which arose from global factors and very high levels of energy price inflation.

Our response was swift and comprehensive, and saw the Household Support Fund, via the Council's Local Welfare Scheme distribute £6.9m to vulnerable households in need of help with food, energy, and water bills. As part of this, grants were made to community groups and Act on Energy to extend the reach of the charity's Warm and Well Programme.

We set up "Warm Welcome" locations across the County to support vulnerable and isolated residents giving them the opportunity to spend time somewhere warm during the cold months. Under the scheme people benefitted from extended opening hours and additional services from libraries and museums, as well as warm hubs set up by Borough and District Council partners, and a network of 80 community-led hubs supported by Warwickshire Rural Community Council. These locations provided wraparound support to help residents access advice and guidance from organisations such as Citizens Advice.

Direct support was provided to residents via the Library Service's Further Warm Bags and Toiletry Bags project, which saw 4,100 bags distributed across the County:

- 1,600 warm and toiletry bags (inc. blanket, hats scarf, hot water bottle, gloves and toiletry items);
- 500 tricky period bags;
- 1,250 adult toiletry bags; and
- 750 children toiletry bags.

Also linked to cost-of-living pressures, £1m was set aside from the Council's Revenue Investment Fund for local support activities. We have worked together with the District and Borough



Councils to distribute the Cost-of-Living Grant Fund, including:

- £40,000 of small grants to Voluntary, Community and Social enterprise organisations;
- £300,000 to Citizens Advice over the next 2 years for enhancement of the telephone service;
- £50,000 to voluntary transport providers so people with no other forms of transport can get to essential medical and social appointments;
- £30,000 for a rural community council winter warm hub project;
- £100,000 into food banks across Warwickshire; and
- Over £300,000 to extend the community pantries in Lillington, Camp Hill and New Arley. The Community Pantry is a collaborative proof-of-concept project between Feed the Hungry UK and Warwickshire County Council, having launched in March 2022 to meet the needs of rural and urban communities. The purpose behind The Community Pantry project is to help people move beyond an immediate point of crises, particularly with regards to food access, in an empowering and community-led way.

Since the opening of the pantries there have been nearly 5,000 visits to purchase food by members. Also, over this time 13 members from have become volunteers within the pantries. Citizens Advice provide a wraparound service at the locations and between October and December alone they supported 163 members.

Working with our partners we developed the Cost-of-Living microsite to offer support for our communities, providing key information and signposting to the full range of support available nationally and locally.

## Awards

In Warwickshire we are proud of our strong record of national recognition, receiving awards as an organisation and for staff members. This year has been an exceptional year for us.

Warwickshire ranked leading shire county in the Midlands and third in the UK for Foreign Direct Investment. Invest Coventry & Warwickshire area was named second region for 'Foreign Direct Investment Strategy' by FDI Magazine (2022). Invest in Coventry and Warwickshire ranked in the top 10 across Europe in 3 categories: business friendliness, FDI strategy and economic potential.

Hartshill Hayes Country Park was awarded Learning Outside the Classroom Accreditation for the first time, joining Kingsbury and Ryton in holding the quality badge for outdoor educational services.

In September four of Warwickshire's Country Parks secured the title of "Local Favourite", after all four appeared in the top 20% of parks voted for by the public in the UK's Favourite Park competition. Burton Dassett Hills, Hartshill Hayes, Ryton Pools and Kingsbury Water Park all scooped the prestigious accolade in the national competition which aims to shine a light on the green spaces which hold a special place in the nation's hearts.

We were successful at the Federation of Small Businesses Awards where we won the prize for our Programme of Business Support as well as All Round Small Business Friendly, recognising the county's commitment to supporting small, local businesses.

Our payroll services team won the Excellence in Service Delivery: The Unsung Heroes Award at the PPMA Excellence in People Management Awards 2022. This award recognises that recruitment, payroll, pensions and general employee support are vital, but often overlooked services, which are crucial to the smooth running of any HR/Organisational Development service.

We won the Best Local Authority Sector Agency award at Birmingham City University's Practice Learning Celebration Day in June, celebrating 50

years of Social Work Education. The award recognised our contribution to supporting trainee social workers.

Warwickshire Fire and Rescue Service’s Hospital to Home team has received a 'Gold Medal Award' for its service that helps elderly and vulnerable patients return home after hospital stays. The award is from the Emergency Care Improvement Support Team, NHS England.


We were delighted to be awarded a Silver Award from Inclusive Employers, which supports our commitment and vision - Warwickshire County Council, a place where everyone feels valued, included, safe, supported and welcome - places our approach to inclusivity at the heart of everything we do.

Our Chief Executive, Monica Fogarty won the national Municipal Journal award for Chief Executive of the Year. Winners are recognised for displaying outstanding leadership, innovation, determination and commitment to their authorities and their communities. Nigel


Minns, our Strategic Director for People Directorate won the Corporate Director of the Year Award at the same Awards ceremony, recognising his strategic leadership going above and beyond, ingenuity, results, values, motivational abilities and leadership in disruption as seen by citizens, partners, staff, politicians and peers.

For the 15th year in a row, Warwickshire County Council has been recognised for its environmental management system and was awarded ISO 14001 accreditation. This certification provides assurance that we are managing its environmental risks in a structured, transparent way and their environmental impact is being measured and improved. It gives Warwickshire residents and businesses the confidence that environmental risks are being well managed, which is growing ever more important in light of our rapidly-changing climate.

**93,295**  
interventions/  
activities through  
Prevention.  
Protection and  
Response delivered  
by Warwickshire Fire  
& Rescue Service.




**98.8%**  
of adult social care,  
reablement and occupational  
therapy service users were  
happy with the service they  
received.



**2,277 people over 65**  
(59% of those eligible)  
open to Adult Social Care  
with eligible needs were  
supported to live in the  
community.



**1,768 people under 65**  
(82% of those eligible)  
open to Adult Social  
Care with eligible needs  
were supported to live in  
the community.



**89%**  
of commissioned  
provision (agency,  
foster carer or  
residential) where our  
young people are placed  
is rated as Good or  
Outstanding by Ofsted.





The Customer Service Centre answered **199816 calls** over the year and we are proud that customer satisfaction levels have remained high with an average of **85.7%**



**4,255 Safe and Well visits** delivered by Warwickshire Fire and Rescue Service.



**1,310 trees** planted against our commitment to plant one tree for each resident of Warwickshire.

**88.3%**

of Warwickshire pupils attend a setting that is rated either Good or Outstanding by Ofsted.



Our business support programmes have helped clients raise over **£4.65m** of investment.



**4,537 emergency incidents** were attended by Warwickshire Fire and Rescue Service.



Heritage and Cultural Services have seen a **11.31% increase** in uptake in services through digital channels.



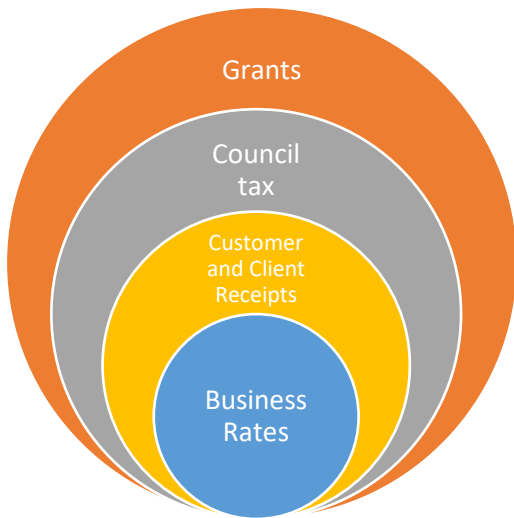
# Financial performance

## Revenue income and expenditure

Our net revenue income from all sources in 2022/23 was £965m, £91.5m higher than the gross income budget at the beginning of the year. The increase is attributable to higher than anticipated government grants and an increase in receipts from customers for services provided.

### Revenue Income

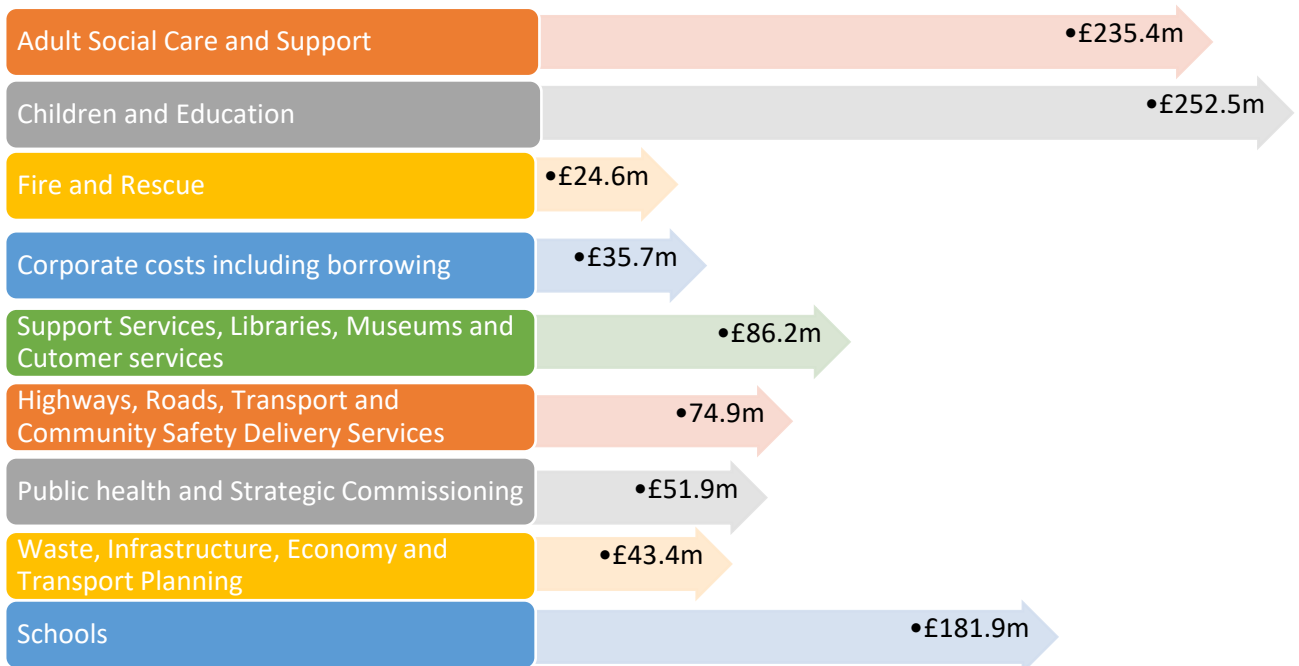
<b>Grants</b>	<b>£391.6m</b>
<b>Council tax (inc. Adult Social Care Levy and deficit from previous years)</b>	<b>£346.0m</b>
<b>Customer and client receipts</b>	<b>£152.5m</b>
<b>Business rates</b>	<b>£74.9m</b>



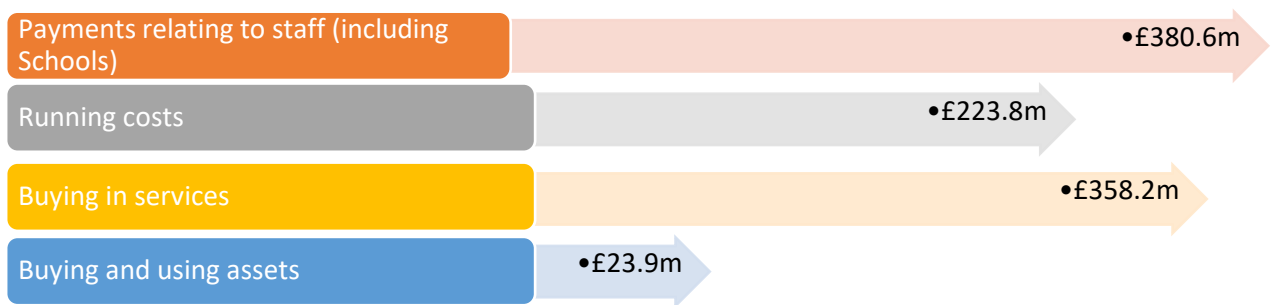
We have spent £986.5m this financial year on the various services we provide (including schools) and have used £21.5m of one-off funding from our reserves to fund the difference between our income and spend.

The figures above exclude technical adjustments of £182.4m. Together these figures make up the gross expenditure of £1,168.9m shown in our Comprehensive Income and Expenditure Statement.

### Revenue Spend by Service



## Revenue Spend by Type



## Revenue Underspends/Overspends

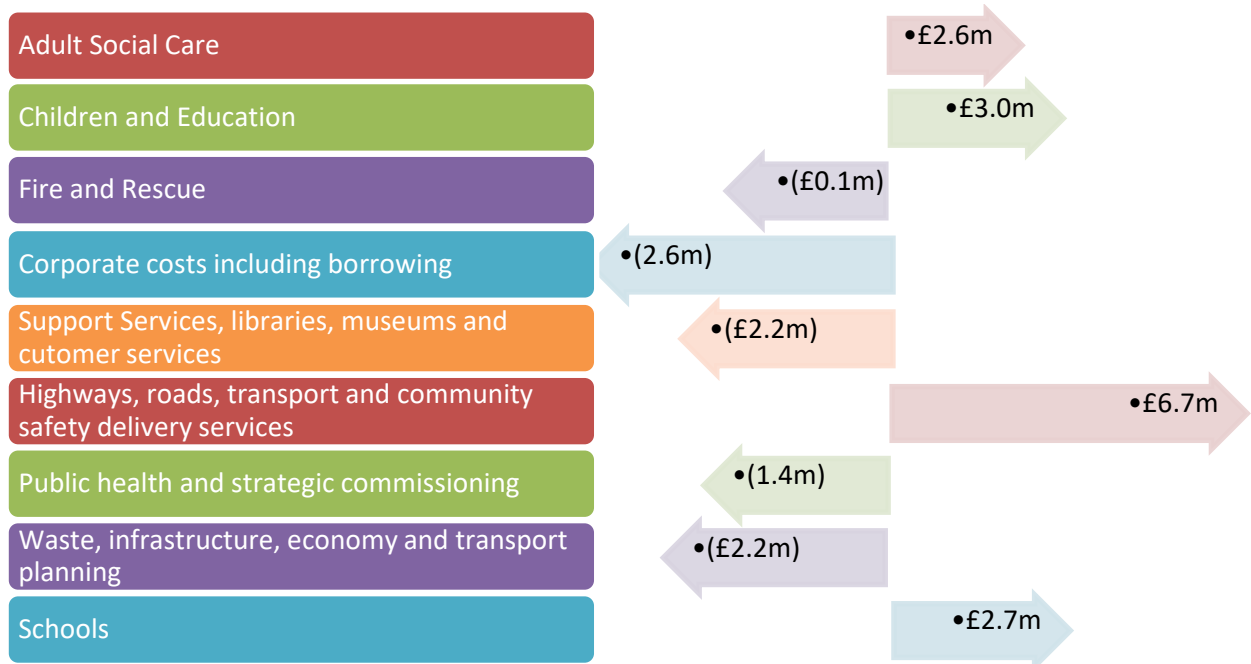
The net difference between our funding and expenditure for the year is £21.5m, through our Medium Term Financial Strategy we planned to use £13.9m of reserves at the start of the year.

Of the additional £7.6m used from reserves during the year:

- (£3.8m) was used to fund the residual net overspend on services at the end of the financial year;
- (£7.9m) was a reduction due to allocations to specific projects delivering the Council's ambitions;

- £5.0m was to increase our volatility reserves to take account of increasing commercial and inflationary risk;
- £1.3m was an increase in funds earmarked for schools;
- (£1.3m) was a decrease in funds held with our external partners; and
- (£0.9m) is the decrease in funds held for internal policy, risk reserves and available to use reserves.

The chart below shows the residual service variance after accounting for Investment fund allocations, approved reserve movements, Covid expenditure during the year and includes maintained schools net overspend of £2.7m:



### Capital spending and the value of our assets

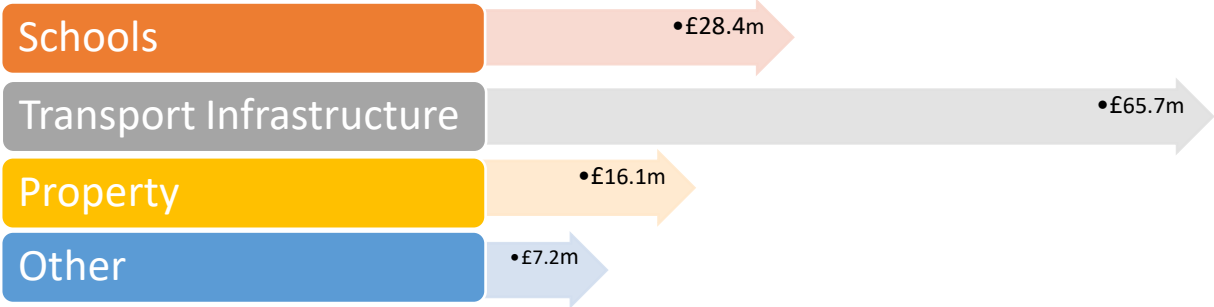
We spent £117.4m on the purchase and creation of assets in 2022/23 including £26.8m on assets owned by other parties and £1.4m on investment loans to our property and development company. Our initial estimate was £250.1m but in-year adjustments for additions (for example, to spend newly awarded grants), reductions or rescheduling brought our approved budget for 2022/23 down to £122.8m as at January 2023. Our capital spending was therefore £132.7m less than our original budget, and £5.4m 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 2023/24 being £257.7m.

The value of our fixed assets has increased from £1,345.0m to £1,411.4m in 2022/23.

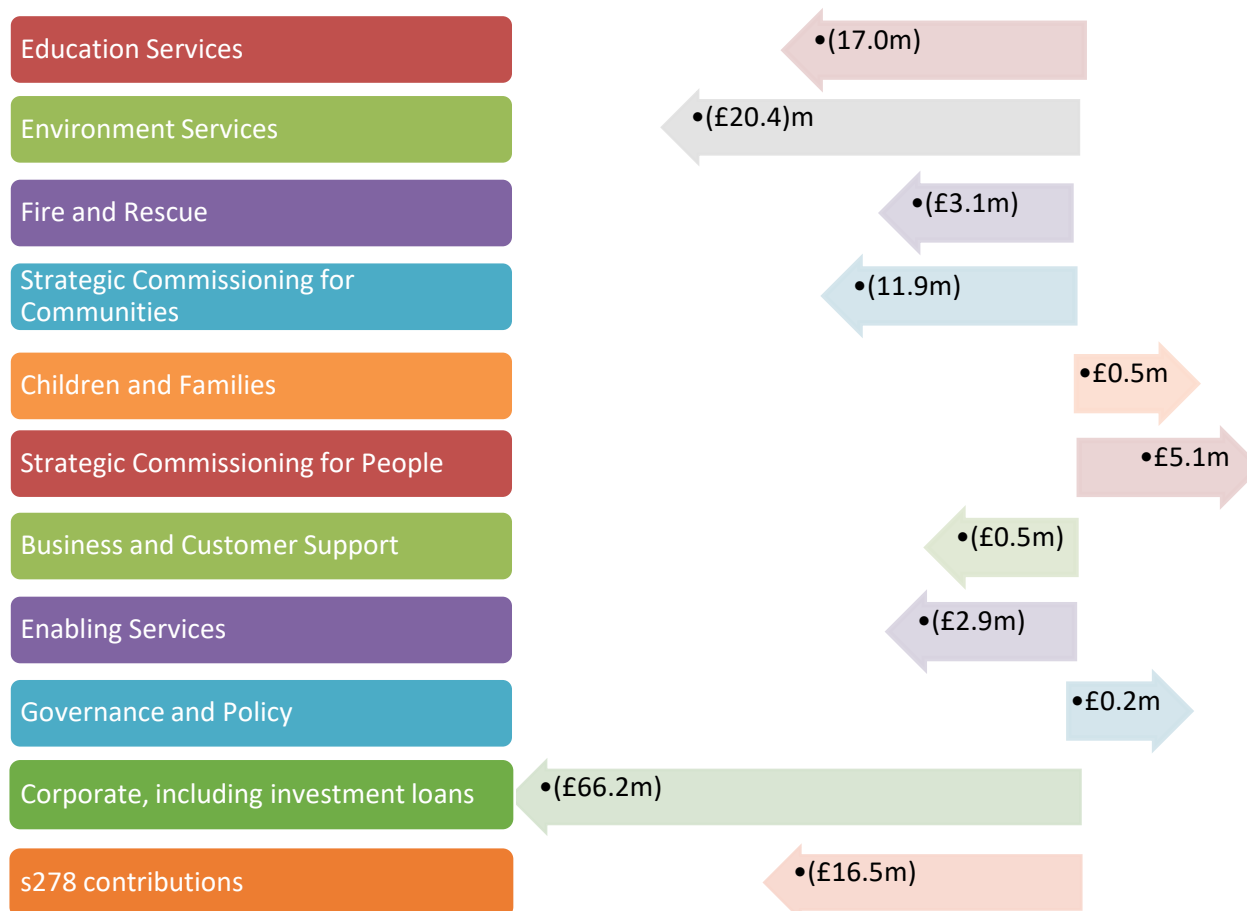
The main reasons for the £66.4m increase in the value of our assets are:

- £46.2m of assets disposed of mostly through schools transferring to Academy status;
- A spend of £89.2m increasing the value of our assets;
- A write-down of £54.2m to reflect our assets' usage by services; and
- A net increase in the value of our assets of £77.6m 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 2022/23 financial year was £10.2m. These savings were spread across a number of areas and delivered through better procurement, improvements in efficiency, increased income and delivering reductions in demand.

Some of the larger items were:

- £1.9m saving in Enabling Services (our property, HR and ICT support services) following a service review of expenditure on staffing, expenses and projects in the service;
- £1.6m saving on third party spend through more effective procurement;

- £1.0m savings through managing the cost of externally commissioned care for adults;
- £1.3m saving by reducing demand for adult social care support through early intervention, prevention and reablement; and
- £0.6m saving from a review of highways maintenance spend, road conditions survey work and capitalisation of contract overheads.

93.5% of the saving target has been delivered during the year despite the ongoing challenge wider economic challenges.

## Reserves

We planned to use £13.9m of our reserves to support the delivery of services in 2022/23. However, services spent £3.8m more than their cash-limited budget; when combined with further use of reserves to fund investment to deliver the Council's priorities the outcome was that our usable revenue reserves decreased overall by £21.5m.

At 31 March 2023 our usable revenue reserves were therefore £223.0 million, of which £20.4 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 £180.6m by the end of 2027/28.

## Borrowing and Investments

Whilst the Council's benchmark rate of return on investment in 2022/23 was 1.52%, our treasury management activity generated a higher average interest on investments of 1.58%. In line with the Treasury Management Strategy the Council has prioritised first security, then liquidity and yield in its investments. Our treasury management activity involved investing in banks, building

societies and other local authorities, as well as through external fund managers operating cash, property and bond funds. Our long-term debt outstanding was £321.4 million at 31 March 2023; and at 31 March 2023 we were holding £486.7 million of cash, cash equivalents and treasury investments.

## Pensions

At 31 March 2023 our total pensions liability was £255.9m, a decrease of £645.2m over the year. The decrease is largely attributable to the re-measurement of liabilities relating to the Local Government Pension 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, housing growth, council tax base and interest

rates on our day-to-day costs, income and debt repayments;

- Sustained inflationary pressures and cost of living increases putting pressure on staff costs, recruitment and retention and impacting on service resilience;
- prolonged uncertainty around Central Government's future decisions about local government financing, including a new funding model for adult social care;
- dependency on locally collected Business Rates, placing greater importance on the need to maintain reserves to manage any volatility;
- the results (financial and social) from our commercial investment activities;
- post-pandemic social and health inequalities and the ability to catch up; and
- designing and delivering sustainable delivery of Special Educational Needs services within the level of DSG funding.

## Inflation

The annual inflation rate in the UK has remained at round 10% since September 2022, in October it peaked to 11.1% which was the highest rate in over 40 years and has been prompted by the national and international political and economic environment. Current forecasts indicate that the prices are expected to fall sharply to around 3% by the end of 2023 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 is also expected to increase the demand for council services from the most vulnerable in our communities. In addition to the direct cost of inflation, the rising cost of living and the National Living Wage will have an indirect impact on our cost base via the nationally negotiated annual pay award.

## 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 are in their second year of operation.

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. At the end of the financial year WPDG reported operating losses before tax of £0.430m. The loss is due to overhead costs such as salaries, IT costs and legal and professional fees. This net loss position was anticipated, the first development project is now underway with the business plan forecasting the company to start generating a profit from 2024. Incurring a loss during the inception phase is normal for a new business and is not a cause for immediate concern.

In September a joint venture partnership between WPDG, the Council and Countryside

Partnerships PLC was approved. A significant increase in activity is in train with material investment planned as a number of sites come forward for development.

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.

The forecast level of demand for investment was reassessed at the end of 2022/23 resulting in the investment fund being reduced from £140m to £104m over the next four years and at the end of the 2022/23 financial year £11m of it has been approved by Cabinet

# 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
<p><b>An accounting deficit of £80.0m for 2022/23 has been reported; the outturn position is an £8.9m deficit.</b></p> <p><i>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.</i></p>	<p><b>An increase of £684.3m in County Council's net assets as at 31 March 2023.</b></p> <p><i>The balance sheet shows the value of the assets and liabilities recognised by the County Council. At 31 March 2023 the County Council's net worth was £1,137.9m.</i></p>
Cash Flow Statement	Movement in Reserves Statement
<p><b>A net cash inflow of £23.8m in 2022/23 in cash or cash equivalents.</b></p> <p><i>This statement summarises the cash that has been paid to us and which we have paid to other organisations and individuals.</i></p>	<p><b>A decrease of £26.8 m in the County Council's usable reserves, made up of a decrease of £16.5m in revenue reserves and £10.3m in capital reserves.</b></p> <p><i>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.</i></p>



### 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.

### 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

### 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.

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 2022/23. 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

2022/23



*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](mailto:vrennie@warwickshire.gov.uk)

You can also leave your comments on our website at [www.warwickshire.gov.uk](http://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 2022/23 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](http://www.warwickshire.gov.uk)

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

### Report on the audit of the financial statements

#### Opinion on financial statements

We have audited the financial statements of Warwickshire County Council (the 'Authority') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies and include the firefighters' pension fund financial 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 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 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 2022/23; 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 Executive 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 Executive 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 2022/23 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 2022) 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.

In auditing the financial statements, we have concluded that the Executive Director for Resources use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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.

Our responsibilities and the responsibilities of the Executive Director for Resources with respect to going concern are described in the relevant sections of this report.

#### **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. The Executive Director for Resources is responsible for the other information. 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.

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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this 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, 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 matters.

### **Responsibilities of the Authority and the Executive Director for Resources**

As explained more fully in the Statement of Responsibilities set out on page 11, 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 Executive Director for Resources. The Executive 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 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive 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 Executive 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 they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

### **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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003), The Local Government Act 1972, 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 management 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 management, 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 management's 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 manual journals and estimates. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, 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 valuations and defined benefit pensions liability valuations, and
- 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.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

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 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **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 2023.

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.

### 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 undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. 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 document 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 consider 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 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed our considerations 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 2023.

### 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 44 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

26 January 2024



## 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 Executive 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 Executive Director for Resources

As the Executive 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 2023 and the income and expenditure for the year ended 31 March 2023. The unaudited draft accounts were authorised for issue on 31 May 2023. These were audited and were considered and approved at a meeting of the Council on 19 December 2023. These approved accounts were authorised for issue on that date.



**Rob Powell**  
Executive Director for Resources

**Date: 19 December 2023**



**Councillor Christopher Kettle**  
Chair of the Council

**Date: 19 December 2023**

## Comprehensive Income and Expenditure Statement

2021/22 (Restated)				2022/23		
Gross expenditure £m	Gross income £m	Net expenditure £m	Summary of revenue spending	Gross expenditure £m	Gross income £m	Net expenditure £m
			<b>Money spent on services</b>			
138.4	-40.3	98.1	~ Communities Directorate	175.8	-36.1	139.7
553.4	-120.7	432.7	~ People Directorate	592.2	-114.8	477.4
101.8	-24.6	77.2	~ Resources Directorate	99.5	-18.9	80.6
181.8	-268.3	-86.5	~ Schools	188.7	-281.0	-92.3
7.4	-111.9	-104.5	~ Corporate Services and Resourcing	6.9	-54.7	-47.8
0.0	-2.2	-2.2	~ Non-distributed costs	0.0	-2.3	-2.3
<b>982.7</b>	<b>-567.9</b>	<b>414.8</b>	<b>Net cost of services</b>	<b>1,063.1</b>	<b>-507.8</b>	<b>555.3</b>
21.2	0.0	21.2	~ Other operating expenditure (note 4)	45.4	0.0	45.4
57.0	-20.6	36.4	~ Financing and investment income and expenditure (note 5)	58.9	-26.7	32.2
0.0	-553.9	-553.9	~ Taxation and non-specific grant income and expenditure (note 6)	0.0	-552.9	-552.9
<b>1,060.9</b>	<b>-1,142.4</b>	<b>-81.5</b>	<b>Surplus (-) or deficit on the provision of services</b>	<b>1,167.4</b>	<b>-1,087.4</b>	<b>80.0</b>
			<b>Items that will not be reclassified to the surplus (-) /deficit on the provision of services</b>			
		-103.5	~ Surplus (-) or deficit on revaluation of property, plant and equipment			-60.0
		0.0	~ Surplus (-) or deficit from investments in equity instruments designated at fair value through other comprehensive income			-0.5
		-221.9	~ Remeasurements of the net defined benefit liability/(asset)			-703.8
		<b>-325.4</b>	<b>Other comprehensive income and expenditure</b>			<b>-764.3</b>
		<b>-406.9</b>	<b>Total comprehensive income and expenditure</b>			<b>-684.3</b>

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, £105 million was used to fund education related services provided by the Council in 2022/23 (£82.4 million in 2021/22).

The restatement of the 2021/22 figures is described in Note 3.

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

## Movement in Reserves Statement

Movement in Reserves Statement - 2022/23	General Fund (Unearmarked Funds)	General Fund Earmarked Reserves	General Fund Capital Fund	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
<b>Balance at 31 March 2022</b>	26.0	228.6	1.0	255.6	3.5	29.9	289.0	164.6	453.6
<b>Movement in Reserves during 2022/23</b>									
Total Comprehensive Income and Expenditure	-80.0	0.0	0.0	-80.0	0.0	0.0	-80.0	764.3	684.3
Adjustments between accounting basis and funding basis under regulations (note 2)	63.3	0.0	0.2	63.5	-3.5	-6.8	53.2	-53.2	0.0
<b>Net Increase / Decrease (-) before Transfers to Earmarked Reserves</b>	<b>-16.7</b>	<b>0.0</b>	<b>0.2</b>	<b>-16.5</b>	<b>-3.5</b>	<b>-6.8</b>	<b>-26.8</b>	<b>711.1</b>	<b>684.3</b>
Transfers to / from (-) Earmarked Reserves (note 7)	16.7	-16.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Increase / Decrease (-) in Year</b>	<b>0.0</b>	<b>-16.7</b>	<b>0.2</b>	<b>-16.5</b>	<b>-3.5</b>	<b>-6.8</b>	<b>-26.8</b>	<b>711.1</b>	<b>684.3</b>
<b>Balance at 31 March 2023</b>	<b>26.0</b>	<b>211.9</b>	<b>1.2</b>	<b>239.1</b>	<b>0.0</b>	<b>23.1</b>	<b>262.2</b>	<b>875.7</b>	<b>1,137.9</b>

Movement in Reserves Statement - 2021/22	General Fund (Unearmarked Funds)	General Fund Earmarked Reserves	General Fund Capital Fund	Total General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
<b>Balance at 31 March 2021</b>	21.4	230.5	0.7	252.6	17.7	3.8	274.1	-227.4	46.7
<b>Movement in Reserves during 2021/22</b>									
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
<b>Net Increase / Decrease (-) before Transfers to Earmarked Reserves</b>	<b>2.7</b>	<b>0.0</b>	<b>0.3</b>	<b>3.0</b>	<b>-14.2</b>	<b>26.1</b>	<b>14.9</b>	<b>392.0</b>	<b>406.9</b>
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
<b>Increase / Decrease (-) in Year</b>	<b>4.6</b>	<b>-1.9</b>	<b>0.3</b>	<b>3.0</b>	<b>-14.2</b>	<b>26.1</b>	<b>14.9</b>	<b>392.0</b>	<b>406.9</b>
<b>Balance at 31 March 2022</b>	<b>26.0</b>	<b>228.6</b>	<b>1.0</b>	<b>255.6</b>	<b>3.5</b>	<b>29.9</b>	<b>289.0</b>	<b>164.6</b>	<b>453.6</b>



## Balance Sheet as at 31 March 2023

31 March 2022 £ m		31 March 2023 £ m	Notes
1,333.2	Property, plant and equipment	1,392.5	8
5.0	Heritage assets	5.2	10
5.7	Investment property	13.4	11
1.1	Intangible assets	0.3	12
1,345.0	<b>Total fixed assets</b>	1,411.4	
14.2	Long-term investments	24.7	13
3.3	Long-term debtors	4.6	13
<b>1,362.5</b>	<b>Total long-term assets</b>	<b>1,440.7</b>	
	<b>Current assets</b>		
312.2	Short-term investments	281.3	13
0.6	Inventories	0.7	
113.9	Short-term debtors	111.8	15
161.5	Cash and cash equivalents	185.3	16
<b>588.2</b>	<b>Total current assets</b>	<b>579.1</b>	
	<b>Current liabilities</b>		
-5.3	Short-term provisions	-5.4	18
-159.4	Short-term creditors	-169.1	17
-5.1	Short-term grants received in advance	-17.2	24
<b>-169.8</b>	<b>Total current liabilities</b>	<b>-191.7</b>	
<b>418.4</b>	<b>Current assets less current liabilities</b>	<b>387.4</b>	
-2.2	Long-term provisions	-2.2	18
-321.4	Long-term borrowing	-321.4	13
-102.6	Long-term grants received in advance	-110.7	24
-901.1	Liability related to defined benefit pension scheme	-255.9	37
<b>-1,327.3</b>	<b>Long-term liabilities</b>	<b>-690.2</b>	
<b>453.6</b>	<b>Net assets</b>	<b>1,137.9</b>	
289.0	Usable reserves	262.2	19
164.6	Unusable reserves	875.7	20
<b>453.6</b>	<b>Total reserves</b>	<b>1,137.9</b>	



**Rob Powell**  
Executive Director for Resources  
19 December 2023

## Cash Flow Statement

31 March 2022 £ m		Notes	31 March 2023 £ m
81.5	Net surplus or (deficit) on the provision of services		-80.0
33.6	Adjustment to surplus or deficit on the provision of services for noncash movements	21	161.4
-111.9	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	21	-100.8
3.2	Net Cash flows from Operating activities		-19.4
-40.2	Net Cash flows from Investing Activities	22	43.3
0.0	Net Cash flows from Financing Activities	23	0.0
<b>-37.0</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>23.8</b>

31 March 2022 £ m		Note	31 March 2023 £ m
198.5	Cash and cash equivalents at the beginning of the reporting period	16	161.5
161.5	Cash and cash equivalents at the end of the reporting period	16	185.3
<b>-37.0</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>23.8</b>

## 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 2022/23 ('the Code') issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA code is prepared under International Financial Reporting Standards (IFRS), which have been adopted as the basis for public sector accounting in the UK.

### 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 services or goods have been received/delivered, but invoices have not been received/raised, a debtor or creditor accrual for the relevant amount is recorded to ensure that income/expenditure is captured in the correct financial year. Accruals recorded are subject to a de minimis level of £1,000 for revenue income/expenditure and £6,000 for capital expenditure. 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 Executive 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 2022/23 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**

Grant income is recorded in the accounts when we have reasonable assurance that the grants will be received and that we will comply with any conditions attached to 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 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.

### **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.

#### Finance leases

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.

#### Operating leases

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.

### **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 the income, expenditure, assets and liabilities in our financial statements in relation to our involvement. 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 2023 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.



- We include infrastructure assets, such as roads and bridges and community assets (such as country parks and open spaces), 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. Assets that have been fully depreciated for 5 years are derecognised unless there is evidence that they are still in existence. 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 recognise provisions at the balance sheet date where a past event gives rise to a probable future outflow of resources (payment)". For provisions to be recognised 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 and financial risks. 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.

2021/22 (Restated)				2022/23		
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
			<b>Money spent on services</b>			
75.7	22.4	98.1	~ Communities Directorate	104.6	35.1	139.7
411.3	21.4	432.7	~ People Directorate	432.8	44.6	477.4
70.0	7.2	77.2	~ Resources Directorate	62.7	17.9	80.6
-93.1	6.7	-86.5	~ Schools	-99.0	6.7	-92.3
-141.8	37.3	-104.5	~ Corporate Services and Resourcing	-133.6	85.8	-47.8
0.0	-2.2	-2.2	~ Non-distributed costs	0.0	-2.3	-2.3
<b>322.0</b>	<b>92.8</b>	<b>414.8</b>	<b>Net cost of services</b>	<b>367.5</b>	<b>187.8</b>	<b>555.3</b>
-322.2	-174.1	-496.3	~ Other income and expenditure	-346.0	-129.3	-475.3
<b>-0.2</b>	<b>-81.3</b>	<b>-81.5</b>	<b>Surplus (-) or deficit on the provision of services</b>	<b>21.5</b>	<b>58.5</b>	<b>80.0</b>
-2.8	2.8		DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis	-5.0	5.0	
<b>-3.0</b>	<b>-78.5</b>		<b>Transferred (to) / from General Fund Balances</b>	<b>16.5</b>	<b>63.5</b>	
252.6			Opening General Fund Balances	255.6		
3.0			Less/Plus Surplus or (Deficit) on General Fund Balance in Year	-16.5		
<b>255.6</b>			<b>Closing General Fund Balance</b>	<b>239.1</b>		

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	2022/23			
	Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Statutory Differences (c) £m	Total Adjustments £m
~ Communities Directorate	27.7	7.2	0.3	35.1
~ People Directorate	27.6	14.3	2.6	44.6
~ Resources Directorate	6.1	10.2	1.6	17.9
~ Schools	-1.4	7.3	0.8	6.7
~ Corporate Services and Resourcing	-22.7	2.1	106.4	85.8
~ Non-distributed costs	0.0	-2.3	0.0	-2.3
<b>Net cost of services</b>	<b>37.4</b>	<b>38.8</b>	<b>111.7</b>	<b>187.9</b>
~ Other income and expenditure from the Expenditure and Funding Analysis	-41.4	20.2	-108.1	-129.3
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services</b>	<b>-4.0</b>	<b>58.9</b>	<b>3.6</b>	<b>58.5</b>
DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis			5.0	5.0
<b>Total for MIRS</b>	<b>-4.0</b>	<b>58.9</b>	<b>8.6</b>	<b>63.5</b>

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2021/22 (Restated)			
	Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Statutory Differences (c) £m	Total Adjustments £m
~ Communities Directorate	13.9	7.8	0.7	22.4
~ People Directorate	4.9	15.4	1.2	21.4
~ 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
<b>Net cost of services</b>	<b>-57.6</b>	<b>43.3</b>	<b>107.1</b>	<b>92.8</b>
~ Other income and expenditure from the Expenditure and Funding Analysis	-67.9	17.0	-123.3	-174.1
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services</b>	<b>-125.5</b>	<b>60.3</b>	<b>-16.2</b>	<b>-81.3</b>
DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis			2.8	2.8
<b>Total for MIRS</b>	<b>-125.5</b>	<b>60.3</b>	<b>-13.4</b>	<b>-78.5</b>

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

2021/22 £m	Expenditure/Income	2022/23 £m
	<b>Expenditure:</b>	
404.4	~ Employee expenses	421.1
576.4	~ Other services expenses	625.7
41.3	~ Depreciation and amortisation	54.2
1.6	~ Impairment and revaluation losses (including reductions in fair value of investment property)	5.0
16.0	~ Interest payments	16.0
0.3	~ Precepts and Levies	0.3
20.9	~ Loss on the disposal of assets	45.1
<b>1,060.9</b>	<b>Total Expenditure</b>	<b>1,167.4</b>
	<b>Income:</b>	
-91.5	~ Fees, charges and other service income from contracts with customers	-101.7
-42.6	~ Other contributions, reimbursements and statutory income	-42.7
-86.8	~ Revaluation gains (Restatement of prior PPE revaluation and impairment losses)	-13.1
-5.5	~ Interest and investment income (including increases in fair value of investment property)	-13.3
-326.1	~ Income from council tax	-345.1
-2.2	~ Pensions Gain on settlements and curtailments	-2.3
-587.7	~ Grants & non domestic rates income	-569.2
<b>-1,142.4</b>	<b>Total Income</b>	<b>-1,087.4</b>
<b>-81.5</b>	<b>Surplus or Deficit on the Provision of Services</b>	<b>80.0</b>



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

<b>Adjustments between accounting basis and funding basis under regulations 2022/23</b>	<b>General Fund Balance</b>	<b>Capital Fund</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves net spending</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):					
~ Charges for depreciation of non-current assets	53.3				-53.3
~ Revaluation gains on property, plant and equipment assets	-13.1				13.1
~ Movements in the market value of investment properties	-4.5				4.5
~ Amortisation of intangible assets	0.9				-0.9
~ Capital grants and contributions applied	-106.4				106.4
~ Revenue expenditure funded from capital under statute	26.7				-26.7
~ Amounts of non-current assets written off on disposal to the CIES	46.2				-46.2
Insertion of items not debited or credited to the CIES					
~ Minimum Revenue Provision	-10.5				10.5
~ Capital expenditure charged to the General Fund Balance	-2.3				2.3
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>					
~ Capital Grants and contributions unapplied credited to the CIES	6.8			-6.8	0.0
<b>Adjustments primarily involving the Capital Receipts Reserve &amp; the Deferred Capital Receipts Reserve</b>					
~ Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-1.1		1.1		0.0
~ Deferred capital receipts realised in year	0.0		4.1		-4.1
~ 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		-8.7		8.7
~ Contribution from Capital Receipts Reserve to fund administrative costs of non-current asset disposals	-0.2	0.2			0.0
<b>Adjustments primarily involving the Financial Instruments Revaluation Reserve</b>					
~ 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	2.0				-2.0
<b>Adjustments primarily involving the Pensions Reserve</b>					
~ Grant funding of fire fighters' pension liabilities	-5.5				5.5
~ Reversal of net charges made for retirement benefits in accordance with IAS19	108.2				-108.2
~ Employer's pensions contributions and direct payments to pensioners	-44.0				44.0
<b>Adjustments primarily involving the DSG Adjustment Account</b>					
~ Amount of DSG deficit for the year required to be removed from the CIES in accordance with statutory requirements	5.0				-5.0
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated in accordance with statutory requirements	0.8				-0.8
~ Amount by which business rates income credited to the CIES is different from business rates income calculated in accordance with statutory requirements	0.6				-0.6
<b>Adjustment primarily involving the Accumulated Absences Account</b>					
~ 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	0.1				-0.1
<b>Total adjustments</b>	<b>63.3</b>	<b>0.2</b>	<b>-3.5</b>	<b>-6.8</b>	<b>-53.2</b>

<b>Adjustments between accounting basis and funding basis under regulations 2021/22 (Restated)</b>	<b>General Fund Balance</b>	<b>Capital Fund</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves net spending</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
<b>Adjustments primarily involving the Capital Adjustment Account</b>					
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
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>					
~ Application of Capital Grants to the Capital Adjustment Account	-26.1			26.1	0.0
<b>Adjustments primarily involving the Capital Receipts Reserve &amp; the Deferred Capital Receipts Reserve</b>					
~ 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
<b>Adjustments primarily involving the Financial Instruments Revaluation Reserve</b>					
~ 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
<b>Adjustments primarily involving the Pensions Reserve</b>					
~ Grant funding of fire fighters' pension liabilities	-6.3				6.3
~ Reversal of net charges made for retirement benefits in accordance with IAS19	106.2				-106.2
~ Employer's pensions contributions and direct payments to pensioners	-39.7				39.7
<b>Adjustments primarily involving the DSG Adjustment Account</b>					
~ Amount of DSG deficit for the year required to be removed from the CIES in accordance with statutory requirements	2.8				-2.8
<b>Adjustments primarily involving the Collection Fund Adjustment Account</b>					
~ 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
<b>Adjustment primarily involving the Accumulated Absences Account</b>					
~ 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
<b>Total adjustments</b>	<b>-78.8</b>	<b>0.3</b>	<b>-14.2</b>	<b>26.1</b>	<b>66.6</b>

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

The Comprehensive Income and Expenditure Statement (CIES) and related notes have been restated for 2021/22 for comparative purposes to reflect changes in the organisation's structure on 1 April 2022. The change in structure is the transfer of Education Services from Communities directorate to People directorate. The gross income, gross expenditure and net expenditure for both the Communities and People directorate have been restated for 2021/22 to report the position as if Education Services was part of People directorate in 2021/22 as well as in 2022/23.

The effect of the restatement is that within the CIES £165.3m gross expenditure, £16m gross income and therefore £149.4m net expenditure, has been classified within People directorate as opposed to Communities directorate for 2021/22. Note 1 - The Expenditure and Funding Analysis (EFA) and the note to the EFA are also restated to reflect this change in structure. This does not change the overall reported position on the statement or the notes.

In 2022/23 there was a significant decrease in the organisation's net pension liability. This decreased by £645.2 million from £901.1 million at 31 March 2022 to £255.9 million at 31 March 2023. This is due to movement in the LGPS net pension position which has moved from a £533.2 million net liability position to a £12 million net asset position. The main cause of the movement is due to changes in assumptions which cause remeasurements of the liability. The impact of remeasurements is shown within Other Comprehensive Income in the CIES (-£703.8 million). The amount shown includes the impact of the remeasurements of pension liability (-£638.4 million), and the remeasurements on pension assets (-£37.5 million) in the period for the LGPS scheme. The remaining -£102.9 million is due to similar smaller movements in the Firefighters' Pension Fund (-£97.8 million) and Teachers' Pension (-£5.1 million) net liability remeasurement.

### Note 4: Other operating expenditure

2021/22 £ m	Other operating expenditure	2022/23 £ m
0.3	Environment Agency Levy	0.3
20.9	Losses on disposal/transfer of non-current assets	45.1
<b>21.2</b>		<b>45.4</b>

The loss on the disposal/transfer of non-current assets in 2022/23 primarily relates to the transfer of 9 schools to academy status.

### Note 5: Financing and investment income and expenditure

2021/22 £ m	Financing and investment income and expenditure	2022/23 £ m
16.0	Interest payable and similar charges	16.0
21.6	Net interest on the net defined benefit liability	24.8
-1.8	Interest receivable and similar income	-7.6
1.6	Unrealised gains or losses on financial assets held at fair value through profit and loss transferred to usable reserves	2.5
-1.8	Unrealised gains or losses on financial assets held at fair value through profit and loss transferred to unusable reserves	2.0
0.0	Impairments of financial assets	0.5
-15.1	Trading account income	-13.4
17.4	Trading account expenditure	12.8
-0.8	Income and expenditure on investment properties and changes in their fair value	-4.5
0.3	Other investment expenditure	0.3
-1.1	Other investment income	-1.1
<b>36.3</b>		<b>32.2</b>

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

2021/22 £ m	Taxation and non specific grant income and expenditure	2022/23 £ m
-326.1	Council tax income	-345.1
	Business rates income and expenditure	
-26.6	~ Retained business rates	-20.9
-41.0	~ Business rates top up	-40.5
0.7	Business rates pool growth (WCC share)	0.2
-1.9	Business rates pool surplus	-2.6
	Other non-ringfenced Government grants	
-6.3	~ Fire Pensions Fund Grant	-5.7
-64.7	~ Revenue grants	-56.4
-88.0	~ Capital grants and contributions	-82.0
<b>-553.9</b>		<b>-552.9</b>

**Note 7: Transfers to/from earmarked reserves**

Movement in earmarked reserves	Balance at 31 March 2021 £ m	Transfers		Balance at 31 March 2022 £ m	Transfers		Balance at 31 March 2023 £ m
		Out £ m	In £ m		Out £ m	In £ m	
Schools Balances	21.3	0.0	1.7	23.0	-2.6	0.0	20.4
External Commitments Reserves	10.7	-1.4	5.0	14.3	-2.1	0.6	12.9
Redundancy Fund	7.0	-1.2	0.0	5.8	-0.8	0.0	5.0
Insurance Fund	8.6	-0.6	0.0	8.0	-0.4	1.2	8.8
DSG Offset Fund	12.3	0.0	1.4	13.7	0.0	8.0	21.7
Investment Funds	40.5	-16.2	7.2	31.5	-11.4	6.1	26.2
Projects and Policies Reserves	10.6	-4.8	2.3	8.1	-1.2	1.5	8.4
Volatility Reserves	34.2	-8.3	14.7	40.6	-0.9	7.5	47.2
Management of Directorate Risk	18.8	-6.4	3.3	15.6	-11.6	4.8	8.8
Covid Grants Reserves	24.5	-19.0	13.8	19.3	-17.3	0.0	2.0
Medium Term Financial Strategy	42.0	0.0	6.6	48.6	-18.6	20.5	50.5
<b>Total</b>	<b>230.5</b>	<b>-57.9</b>	<b>56.0</b>	<b>228.6</b>	<b>-66.9</b>	<b>50.2</b>	<b>211.9</b>

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 2022/23 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;
- 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 £21.7 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, such as the Commercial Risk Reserve and the Tax Base Volatility Reserve, 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 £50.5 million in this reserve at 31 March 2023, £33.7 million is planned to be used as part of the resourcing delivery of our 2023-28 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 2022	745.8	4.6	59.6		5.3	79.2	894.5
Depreciation balance at 1 April 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
<b>Net book value at 1 April 2022</b>	<b>740.6</b>	<b>4.6</b>	<b>13.1</b>	<b>490.4</b>	<b>5.3</b>	<b>79.2</b>	<b>1,333.2</b>
<b>Changes in the year</b>							
~ reclassifications	-9.4	7.1	0.0	0.0	0.0	0.0	-2.3
~ spending on assets	10.3	0.9	3.1	29.8	0.2	44.0	88.3
~ transfer of assets under construction to operational assets on project completion	14.6	3.5	0.1	16.3	0.2	-34.6	0.0
~ value of assets we have sold/transferred	-47.4	0.0	-25.2	0.0	0.0	-0.2	-72.7
~ revaluation increases/ (decreases) recognised in the revaluation reserve	42.9	-1.5	0.0	0.0	-0.7	0.0	40.7
~ revaluation increases/ (decreases) recognised in the surplus/deficit on the provision of services	15.4	-1.3	0.0	0.0	-1.1	0.0	13.0
<b>Depreciation</b>							
~ depreciation written out to the revaluation reserve	19.0	0.0	0.0	0.0	0.1	0.0	19.1
~ depreciation written off on disposal	1.4	0.0	25.1	0.0	0.0	0.0	26.5
~ depreciation	-25.2	0.0	-2.7	-25.4	-0.1	0.0	-53.3
<b>Net book value at 31 March 2023</b>	<b>762.3</b>	<b>13.3</b>	<b>13.5</b>	<b>511.1</b>	<b>3.9</b>	<b>88.4</b>	<b>1,392.5</b>
Gross book value at 31 March 2023	772.2	13.3	37.6		3.9	88.4	915.4
Depreciation balance at 31 March 2023	-9.9	0.0	-24.1		0.0	0.0	-34.0
Net book value (modified historical cost)*	0.0	0.0	0.0	511.1	0.0	0.0	511.1
<b>Net book value at 31 March 2023</b>	<b>762.3</b>	<b>13.3</b>	<b>13.5</b>	<b>511.1</b>	<b>3.9</b>	<b>88.4</b>	<b>1,392.5</b>

\* 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 disclose 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.

<b>Property, plant and equipment</b>	<b>Land and buildings</b>	<b>Surplus assets</b>	<b>Vehicles, machinery, furniture and equipment</b>	<b>Roads and bridges*</b>	<b>Country parks and open spaces</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
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
<b>Net book value at 1 April 2021</b>	<b>572.8</b>	<b>5.1</b>	<b>10.9</b>	<b>474.9</b>	<b>2.2</b>	<b>56.9</b>	<b>1,122.8</b>
<b>Changes in the year</b>							
~ 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
~ revaluation increases/ (decreases) recognised in the revaluation reserve	92.7	1.1	0.0	0.0	1.1	0.0	94.9
~ revaluation increases/ (decreases) recognised in the surplus/deficit on the provision of services	85.6	-0.6	0.0	0.0	1.8	0.0	86.8
<b>Depreciation</b>							
~ depreciation written out to the revaluation reserve	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
<b>Net book value at 31 March 2022</b>	<b>740.6</b>	<b>4.6</b>	<b>13.1</b>	<b>490.4</b>	<b>5.3</b>	<b>79.2</b>	<b>1,333.2</b>
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
<b>Net book value at 31 March 2022</b>	<b>740.6</b>	<b>4.6</b>	<b>13.1</b>	<b>490.4</b>	<b>5.3</b>	<b>79.2</b>	<b>1,333.2</b>

Our land and building assets include schools, fire stations, libraries, waste disposal sites and other buildings. Assets we have disposed of mainly relate to 9 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 2023, the authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 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 £10.7 million. Similar commitments at 31 March 2022 were £21.6 million.

The largest outstanding commitments are as follows:

1. Highways maintenance contract - £7.9 million; and
2. BDUK Broadband contract no 3 - £2.5 million

### Effects of changes in estimates

There have been no material changes to our accounting estimates for property, plant and equipment in 2022/23.

## 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 following table 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	0.0	0.0	13.5	511.1	3.9	88.4	616.9
Valued at current value as at:							
31st March 2023	762.3	13.3	0.0	0.0	0.0	0.0	775.6
Carrying Value	762.3	13.3	13.5	511.1	3.9	88.4	1,392.5

All our assets carried at current value were valued in 2022/23. 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 £535 million (2021/22 - £524.9 million). The value of school property, plant and equipment reported in this note is included within the numbers for total Property, plant and equipment reported in Note 8: Property, plant and equipment.

The table below shows a breakdown across the various types of school.

School property, plant and equipment At 31 March 2023	Land £ m	Buildings £ m	Other Assets £ m	Total £ m	Number of Schools
Community Schools	122.9	206.8	2.0	331.7	66
Voluntary Aided Schools	29.9	36.9	0.0	66.8	17
Voluntary Controlled Schools	36.3	63.6	0.0	99.9	28
Foundation Schools	8.0	28.6	0.0	36.6	5
<b>Net book value at 31 March 2023</b>	<b>197.1</b>	<b>335.9</b>	<b>2.0</b>	<b>535.0</b>	<b>116</b>

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	66
Voluntary Aided Schools	39.7	48.1	0.0	87.8	24
Voluntary Controlled Schools	38.1	60.0	0.0	98.1	29
Foundation Schools	9.1	26.3	0.0	35.4	6
<b>Net book value at 31 March 2022</b>	<b>210.4</b>	<b>312.7</b>	<b>1.8</b>	<b>524.9</b>	<b>125</b>

The number of schools has reduced by 9 which chose to take up academy status in 2022/23. 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 £5.2 million (£5.0 million in 2021/22). There have been no material acquisitions during 2022/23 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.

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

31 March 2022 £ m	Investment properties	31 March 2023 £ m
4.9	Balance at the start of the year	5.7
0.0	Reclassifications	2.3
0.0	Additions	0.9
0.8	Net gains from fair value adjustments	4.5
<b>5.7</b>	<b>Balance at the end of the year</b>	<b>13.4</b>

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 2023	0.0	13.4	0.0	13.4
31st March 2022	0.0	5.7	0.0	5.7

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. 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.

The carrying amount of intangible assets at 31 March 2023 is £0.3 million (£1.1 million at 31 March 2022). The carrying amount is amortised on a straight-line basis. The amortisation of £0.9 million (£1.1 million in 2021/22) was charged to revenue in 2022/23.



**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 2022			31 March 2023		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
<b>Investments:</b>						
~ Fair Value through Profit and Loss	31.9	12.0	43.9	29.4	10.0	39.4
~ Amortised cost	280.3	0.0	280.3	252.0	12.0	264.0
~ Fair value through other comprehensive income - designated equity instruments	0.0	2.2	2.2	0.0	2.6	2.6
<b>Total investments</b>	<b>312.2</b>	<b>14.2</b>	<b>326.4</b>	<b>281.4</b>	<b>24.6</b>	<b>306.0</b>
<b>Debtors - at amortised cost:</b>						
~ Amortised cost	0.4	3.3	3.7	0.3	4.6	4.9
~ Financial assets carried at contract amounts	84.5	0.0	84.5	77.9	0.0	77.9
<b>Total Debtors</b>	<b>84.9</b>	<b>3.3</b>	<b>88.2</b>	<b>78.2</b>	<b>4.6</b>	<b>82.8</b>
<b>Cash:</b>						
~ Cash and cash equivalents	161.5	0.0	161.5	185.3	0.0	185.3
<b>Total Cash</b>	<b>161.5</b>	<b>0.0</b>	<b>161.5</b>	<b>185.3</b>	<b>0.0</b>	<b>185.3</b>
<b>Total Financial assets</b>	<b>558.6</b>	<b>17.5</b>	<b>576.1</b>	<b>544.9</b>	<b>29.3</b>	<b>574.2</b>

Financial Liabilities	31 March 2022 (Restated)			31 March 2023		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
<b>Borrowings:</b>						
~ Financial liabilities at amortised cost	0.0	321.4	321.4	0.0	321.4	321.4
<b>Total Borrowings</b>	<b>0.0</b>	<b>321.4</b>	<b>321.4</b>	<b>0.0</b>	<b>321.4</b>	<b>321.4</b>
<b>Creditors - amortised cost</b>						
~ Financial liabilities at contractual amounts	80.2	0.0	80.2	84.5	0.0	84.5
<b>Total Creditors</b>	<b>80.2</b>	<b>0.0</b>	<b>80.2</b>	<b>84.5</b>	<b>0.0</b>	<b>84.5</b>
<b>Total Financial Liabilities</b>	<b>80.2</b>	<b>321.4</b>	<b>401.6</b>	<b>84.5</b>	<b>321.4</b>	<b>405.9</b>

Reconciliation to Balance Sheet carrying amounts	2021/22 (Restated) £m	2022/23 £m
Short Term Debtors that are financial instruments	84.9	78.2
Short Term Debtors that are not financial instruments	29.0	33.6
<b>Total Debtors</b>	<b>113.9</b>	<b>111.8</b>
Short Term Creditors that are financial instruments	80.2	84.5
Short Term Creditors that are not financial instruments	79.1	84.6
<b>Total Creditors</b>	<b>159.3</b>	<b>169.1</b>

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 values of financial liabilities and financial assets carried in the balance sheet at contractual amounts are held at cost as this is a fair approximation of their value.

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. (Level 3 in the fair value hierarchy).

Investments held at amortised cost of £264 million (£280.3 million in 2021/22) 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 £39.4 million (£43.9 million in 2021/22) 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 2022/23 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.

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<b>Financial Instruments - Fair value 31 March 2023</b>	<b>Valued at Cost</b>	<b>Quoted Market Price - Level 1</b>	<b>Using Observable Inputs - Level 2</b>	<b>Unobservable Inputs - Level 3</b>	<b>Total</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
<b>Financial Assets:-</b>					
Investments:					
- Amortised Cost	264.0	0.0	0.0	0.0	264.0
- Fair Value through Profit and Loss	0.0	39.4	0.0	0.0	39.4
- Fair value through other comprehensive income - designated equity instruments	0.0	0.0	0.0	2.6	2.6
Debtors:					
- Amortised cost	0.0	0.0	4.9	0.0	4.9
- Financial assets carried at contractual amounts (deemed to be fair value)	77.9	0.0	0.0	0.0	77.9
Cash:					
- Cash and Cash Equivalents - deemed to be fair value	56.0	129.4	0.0	0.0	185.3
<b>Total Financial Assets</b>	<b>397.8</b>	<b>168.8</b>	<b>4.9</b>	<b>2.6</b>	<b>574.2</b>
<b>Financial Liabilities:-</b>					
Borrowings:-					
- Financial liabilities carried at amortised cost	0.0	0.0	339.5	0.0	339.5
Creditors:-					
- Financial liabilities carried at contractual amounts (deemed to be fair value)	84.5	0.0	0.0	0.0	84.5
<b>Total Financial Liabilities</b>	<b>84.5</b>	<b>0.0</b>	<b>339.5</b>	<b>0.0</b>	<b>424.0</b>

<b>Financial Instruments - Fair value 31 March 2022 (Restated)</b>	<b>Valued at Cost</b>	<b>Quoted Market Price - Level 1</b>	<b>Using Observable Inputs - Level 2</b>	<b>Unobservable Inputs - Level 3</b>	<b>Total</b>
	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>	<b>£ m</b>
<b>Financial Assets:-</b>					
Investments:					
- 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	35.6	126.0	0.0	0.0	161.5
<b>Total Financial Assets</b>	<b>400.4</b>	<b>169.8</b>	<b>3.7</b>	<b>2.2</b>	<b>576.1</b>
<b>Financial Liabilities:-</b>					
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)	80.2	0.0	0.0	0.0	80.2
<b>Total Financial Liabilities</b>	<b>80.2</b>	<b>0.0</b>	<b>477.0</b>	<b>0.0</b>	<b>557.2</b>

Interest paid and investment income received	(Surplus)/Deficit on the Provision of Services		Other Comprehensive Income and Expenditure	
	2021/22 £m	2022/23 £m	2021/22 £m	2022/23 £m
<b>Net (gains) and losses</b>				
~ Financial assets measured at fair value through profit and loss	-0.1	4.5	0.0	0.0
~ Investment in equity instrument designated at fair value through other comprehensive income	0.0	0.0	0.0	-0.5
<b>Total net gains</b>	<b>-0.1</b>	<b>4.5</b>	<b>0.0</b>	<b>-0.5</b>
<b>Interest Revenue</b>				
~ Financial assets measured at amortised cost	-1.8	-7.6	0.0	0.0
<b>Total Interest Revenue</b>	<b>-1.8</b>	<b>-7.6</b>	<b>0.0</b>	<b>0.0</b>
<b>Interest Expense</b>				
~ Financial liabilities measured at amortised cost	16.0	16.0	0.0	0.0
<b>Total Interest Expense</b>	<b>16.0</b>	<b>16.0</b>	<b>0.0</b>	<b>0.0</b>

Financial Assets	31 March 2022		31 March 2023	
	Carrying Amount £ m	Fair Value £ m	Carrying Amount £ m	Fair Value £ m
Financial assets held at amortised cost	280.3	280.3	264.0	264.0
Financial assets at fair value through profit and loss	43.9	43.9	39.4	39.4
Cash and cash equivalents	161.5	161.5	185.3	185.3
Fair value through other comprehensive income - designated equity instruments	2.2	2.2	2.6	2.6
Debtors carried at amortised cost	0.4	0.4	0.3	0.3
Debtors carried at contractual amounts	84.5	84.5	77.9	77.9
Long term debtors - amortised cost	3.3	3.3	4.6	4.6
<b>Total</b>	<b>576.1</b>	<b>576.1</b>	<b>574.2</b>	<b>574.2</b>

Financial Liabilities	31 March 2022 (Restated)		31 March 2023	
	Carrying Amount £ m	Fair Value £ m	Carrying Amount £ m	Fair Value £ m
Financial liabilities held at amortised cost	321.4	477.0	321.4	339.5
Financial liabilities at contractual amounts	80.2	80.3	84.5	84.5
<b>Total</b>	<b>401.6</b>	<b>557.2</b>	<b>405.9</b>	<b>424.0</b>

#### 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 on our website. 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:

2021/22 £ m	Loans we have not yet repaid	2022/23 £ m
	<b>We owe money to:</b>	
321.4	~ Public Works Loans Board	321.4
<b>321.4</b>	<b>Total</b>	<b>321.4</b>
	<b>When we will pay the money back:</b>	
18.0	Between 5 and 10 years	22.0
303.4	More than 10 years	299.4
<b>321.4</b>	<b>Total</b>	<b>321.4</b>

Our level of borrowing is due to paying for capital spending in previous years. We have not borrowed any money from external sources in 2022/23 to pay for new capital spending.

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

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

**Market risk****Interest Rate Risk**

We are exposed to significant risk in terms of our exposure to interest rate movements on our borrowings and investments. Movements in interest rates have a complex impact. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the CIES will rise;
- borrowings at fixed rates – the fair value of the borrowings will fall;
- investments at variable rates – the interest income credited to the CIES will rise; and
- investments at fixed rates – the fair value of the assets will fall.

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

We have an active strategy for assessing interest rates exposure that forecasts any adverse changes on a quarterly basis and assesses the impact to be incorporated into the Medium-Term Financial Strategy. According to this assessment strategy, at 31 March 2023, 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 £44.9 million (£75.1 million in 2021/22).

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

#### Price risk

We have some shareholdings in specific interests, and we are not in a position to diversify our portfolio. The current value of the shareholding is £2.6 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 2022/23 this amounted to a gain of £0.5 million (2021/22 – no gain or loss). Any gain or loss is not 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 2023 we recognised a total loss of £4.5 million in the CIES (gain of £0.1 million in 2021/22). 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 derecognised (£2 million loss). 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 (£2.5 million loss).

#### **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 and applies to the accounting periods from 1 April 2018. A further update was released in December 2021 to apply to accounting periods from 1 April 2023 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 2022 £ m	Short-term debtors	31 March 2023 £ m
26.6	Trade Receivables	26.3
4.6	VAT	8.8
25.2	Other Public Sector Debtors	15.2
19.7	Council Tax and Non Domestic Rates - Taxpayers	25.0
3.9	Council Tax and Non Domestic Rates - Local authorities	3.0
-4.3	Council Tax and Non Domestic Rates - Bad Debts	-6.8
0.0	Prepayments in relation to capital contracts	0.4
5.0	Prepayments to External Organisations and Individuals	3.2
21.4	Social Care Debtors	26.5
8.8	Capital debtors from External Organisations and Individuals	6.7
7.5	Other debtors	9.1
-4.5	Bad Debts	-5.6
<b>113.9</b>	<b>Balance at the end of the year</b>	<b>111.8</b>

**Note 16: Cash and cash equivalents**

31 March 2022 £ m	Cash and cash equivalents	31 March 2023 £ m
27.0	Cash held by the authority (including schools and imprest accounts)	28.1
134.5	Bank current accounts (call accounts and instant access deposit accounts)	147.2
0.0	Short-term deposits with building societies and other institutions 3 months or less maturity	10.0
<b>161.5</b>	<b>Balance at the end of the year</b>	<b>185.3</b>

**Note 17: Creditors**

31 March 2022 £ m	Short-term Creditors	31 March 2023 £ m
14.1	Trade Payables	15.0
6.8	Social Security Costs	5.8
10.5	Other Public Sector accruals	8.0
4.0	Council Tax and Non Domestic Rates - Taxpayers	5.6
10.7	Council Tax and Non Domestic Rates - Local authorities	12.7
9.6	Accumulated Absences	9.7
45.3	Receipts in Advance	50.8
13.1	Other accruals in relation to capital contracts	10.8
45.3	Other accruals to External Organisations and Individuals	50.7
<b>159.4</b>	<b>Balance at the end of the year</b>	<b>169.1</b>

**Note 18: Provisions**

Our provisions total £7.6 million (£7.5 million 2021/22).

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 £4.2 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 £0.8 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 2022 £ m	Usable reserves	31 March 2023 £ m
26.0	General Fund	26.0
228.6	Earmarked Reserves	211.9
1.0	Capital Fund	1.2
3.5	Capital Receipts Reserve	0.0
29.9	Capital Grants Unapplied	23.1
<b>289.0</b>	<b>Total usable reserves</b>	<b>262.2</b>

### Note 20: Unusable Reserves

31 March 2022 £ m	Unusable reserves	31 March 2023 £ m
269.9	Revaluation Reserve	307.9
808.2	Capital Adjustment Account	848.4
4.1	Deferred Capital Receipts Reserve	0.0
4.0	Financial Instruments Revaluation Reserve	2.4
-9.6	Accumulated Absences Reserve	-9.7
0.2	Collection Fund Adjustment Account	-1.2
-11.1	Dedicated Schools Grant Adjustment Account	-16.1
-901.1	Pensions Reserve	-255.9
<b>164.6</b>	<b>Total unusable reserves</b>	<b>875.7</b>

#### 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 2022 £ m	Revaluation Reserve	31 March 2023 £ m
188.6	Balance on 1 April	269.9
141.2	Revaluation increases	66.4
-37.7	Revaluation decreases	-6.4
-5.9	Depreciation adjustment to Capital Adjustment Account	-11.0
-16.3	Revaluation written off on disposal	-10.9
<b>269.9</b>	<b>Balance on 31 March</b>	<b>307.9</b>

### 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 2022 £ m	Capital Adjustment Account	31 March 2023 £ m
667.6	Balance on 1 April	808.2
0.8	Revaluation increase - Investment Properties	4.6
-42.2	Revaluation decrease	-6.2
129.0	Reversal of previous impairments	19.2
5.9	Depreciation adjustment to Revaluation Reserve	11.0
16.3	Revaluation written off on disposal	10.9
-25.6	Value of asset disposals	-46.2
-22.1	Transfer of spending on assets we do not own	-26.7
-41.3	Depreciation charge to revenue	-54.2
10.9	Minimum revenue provision (MRP)	10.5
108.9	Money used to buy assets	117.4
<b>808.2</b>	<b>Balance on 31 March</b>	<b>848.4</b>

### 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 2022 £ m	Deferred Capital Receipts reserve	31 March 2023 £ m
9.1	Balance on 1 April	4.1
-5.0	Transfer to the Capital Receipts Reserve upon receipt of cash	-4.1
<b>4.1</b>	<b>Balance on 31 March</b>	<b>0.0</b>

### 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 2022 £ m	Financial Instrument Revaluation Reserve	31 March 2023 £ m
2.1	Opening Balance	4.0
1.9	Upward revaluation of investments	0.5
0.0	Downward revaluation of investments	-2.0
<b>4.0</b>	<b>Balance at 31 March</b>	<b>2.4</b>

### 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 2022 £ m	Movement in Accumulated Absences Account	31 March 2023 £ m
-11.6	Balance on 1 April	-9.6
11.6	Settlement or cancellation of accrual made at the end of the preceding year	9.6
-9.6	Amounts accrued at the end of the current year	-9.7
2.0	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	-0.1
<b>-9.6</b>	<b>Balance on 31 March</b>	<b>-9.7</b>

### 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 2022 £ m	Movement in Collection Fund Adjustment Account	31 March 2023 £ m
-12.1	Balance on 1 April	0.2
3.8	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	-0.8
8.5	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	-0.6
<b>0.2</b>	<b>Balance on 31 March</b>	<b>-1.2</b>

### 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 2022 £ m	Dedicated Schools Grant (DSG) Adjustment Account	31 March 2023 £ m
-8.3	Balance on 1 April	-11.1
-2.8	Deficit on Schools Budget for the year	-5.0
<b>-11.1</b>	<b>Balance on 31 March</b>	<b>-16.1</b>

### 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 2022 £ m	Pensions Reserve - All Schemes	On 31 March 2023 £ m
-1,062.8	Balance as 1 April	-901.1
231.8	Remeasurements of net defined (liability)/asset	703.8
-10.0	Effect of business combinations and disposals	0.0
-106.2	Reversal of net charges made for retirement benefits	-108.2
39.7	Employer's pension contributions and direct payments to pensioners payable in the year	44.0
6.3	Grant funding of firefighters' pensions liabilities	5.5
<b>-901.1</b>	<b>Balance at 31 March</b>	<b>-255.9</b>

### 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 2022 £m		31 March 2023 £m
40.3	Depreciation	53.3
-87.6	Impairment and downward valuations	-17.6
1.1	Amortisation	0.9
0.0	Increase/(decrease) in provision for expected credit loss	0.5
-1.4	Acquisition of donated assets	0.0
11.4	Increase/(decrease) in creditors	24.1
-15.2	(Increase)/decrease in debtors including bad debts	-9.4
-0.2	(Increase)/decrease in inventories	-0.1
60.1	Movement in pension liability	58.9
25.6	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	46.2
-0.5	Other non-cash items charged to the net surplus or deficit on the provision of services	4.6
<b>33.6</b>	<b>Total</b>	<b>161.4</b>

The cash flows for operating activities include the following items:

31 March 2022 £m		31 March 2023 £m
1.7	Interest received	6.3
-16.0	Interest paid	-16.0
1.1	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 2022 £m		31 March 2023 £m
-4.7	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-1.1
-107.2	Any other items for which the cash effects are investing or financing cash flows	-99.7
<b>-111.9</b>	<b>Total</b>	<b>-100.8</b>

### Note 22: Cash Flow Statement – investing activities

31 March 2022 £ m	Cash flows from investing activities	31 March 2023 £ m
-83.7	Purchase of property, plant and equipment, investment property and intangible assets	-91.5
-260.0	Purchase (-) of short-term and long-term investments	-241.6
158.0	Proceeds of short-term and long-term investments	260.0
-0.4	Other receipts or payments (-) for investing activities	-2.0
9.7	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5.2
136.2	Other receipts from investing activities - capital grants	113.2
<b>-40.2</b>	<b>Net cash flows from investing activities</b>	<b>43.3</b>

### Note 23: Cash Flow Statement – financing activities

There were no financing activities in 2022/23 or 2021/22.

**Note 24: Grant Income**

We credited the following grants to the CIES in 2022/23:

2021/22 £ m	Grant income	2022/23 £ m
	<b>Revenue grants credited to Services:</b>	
239.9	Dedicated Schools Grant	246.7
9.6	Pupil Premium Grant	10.2
3.5	Other Schools Grants	7.0
6.6	Asylum Seekers Grant	7.7
23.9	Public Health Grant	24.3
4.0	Universal Infant Free School Meals	3.7
1.8	Adult & Community Learning	0.9
2.8	Contain Outbreak Management Covid Grant	0.0
3.1	Hospital Discharge Grant	1.9
1.9	Covid Test and Trace, Community Testing & ASC Rapid Testing Grants	0.0
10.0	Covid Infection Control Grant	0.6
14.5	Better Care Fund	15.3
1.6	Community Renewal Fund	0.2
3.5	Household Support Grant	7.0
3.9	Workforce Recruitment & Retention Grant	0.4
1.1	Covid 19- Catch up Grant	0.0
1.7	Bus Service Operators Grant	1.0
0.0	School PE Grant	2.2
1.2	Holiday Activities and Food Programme	1.3
0.0	Homes for Ukraine	3.0
0.0	Domestic Abuse Support Grant	1.0
4.7	Other revenue grants	9.5
<b>339.3</b>	<b>Total revenue grants</b>	<b>343.6</b>
	<b>Capital grants and contributions credited to services:</b>	
5.1	Disabled Facilities Grant	5.1
0.1	Environment Agency	0.0
5.2	Building Digital UK (BDUK)	0.3
0.0	Contribution from other local authorities	0.6
8.3	Private developer funding	10.0
1.9	Other grants/contributions	1.6
<b>20.6</b>	<b>Total capital grants and contributions</b>	<b>17.7</b>
<b>359.9</b>	<b>Total</b>	<b>361.3</b>

2021/22 £ m	Grant income	2022/23 £ m
	<b>Revenue grants credited to Taxation and Non Specific Grant Income:</b>	
10.7	Business Rates Retention/Compensation Scheme	9.9
4.9	Council Tax Support Scheme	0.0
27.0	Adult Social Care & Better Care Fund	32.6
1.0	Domestic Abuse Support Grant	0.0
10.8	Covid 19 Support Grants	0.0
2.7	New Homes Bonus	2.4
1.8	Independent Living Fund Grant	1.8
1.1	Tackling Troubled Families	1.4
1.0	Childrens Social Innovation Programme	0.3
1.3	Fire Service Pensions Grant	1.2
6.3	Fire Pension Fund Grant	5.7
2.4	Other Grants	6.8
<b>71.0</b>	<b>Total revenue grants</b>	<b>62.1</b>
	<b>Capital grants and contributions credited to Taxation and Non Specific Grant Income:</b>	
1.3	Devolved Formula Capital	1.3
32.3	Schools Maintenance and Basic Need	19.5
0.0	Network Rail	2.9
0.0	BDUK	1.0
0.0	Environment Agency	0.2
20.3	Local Transport Plan and other transport grants	19.6
5.6	Contribution from other local authorities	11.0
21.4	Private developer funding	26.4
1.4	Donated assets received	0.0
5.7	Other grants/contributions	0.0
<b>88.0</b>	<b>Total capital grants and contributions</b>	<b>82.0</b>
<b>159.0</b>	<b>Total</b>	<b>144.1</b>

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 2022 £ m		31 March 2023 £ m
	<b>Short-term grant receipts in advance - revenue</b>	
0.0	Refugees Re-settle in Warwickshire	1.2
0.0	Homes for Ukraine	10.3
1.0	Rural Mobility Fund	1.0
1.1	Syrian Settlement Grant	0.8
3.0	Other grants	3.9
<b>5.1</b>	<b>Total revenue grants</b>	<b>17.2</b>
	<b>Long-term grant receipts in advance - capital</b>	
0.8	Devolved Formula Capital	2.0
9.3	Grant from Other Local Authorities	2.4
0.5	Additional School Capital Funding	0.4
87.9	Private developer funding and capital receipt deposits	93.5
4.1	Other grants/contributions	12.4
<b>102.6</b>	<b>Total capital grants</b>	<b>110.7</b>
<b>107.7</b>	<b>Total</b>	<b>127.9</b>

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

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

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

These standards all apply to local authority accounts in 2023/24 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 2023 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.	As at 31 March 2022, the carrying value of Property Plant and Equipment is £1,392.5 million. The depreciation charge in 2022/23 was £53.3 million.  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 £4.9 million for every year that useful lives are reduced.
Inflation	<p>We continue to face material inflationary increases for the first time in decades. The key elements that could be negatively impacted include:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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</li> </ul> <p>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.</p>	<p>We have £239.1m of general fund revenue reserves and £466.6m of cash and short-term investments at 31 March 2023. 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.</p> <p>Our long-term investments and investment property equate to 2.6% of our total long-term assets at 31 March 2023. A decrease in value of these assets will not affect the underlying strength of our asset base.</p> <p>£139.7m of our operational land and buildings assets are valued on the basis of their existing use. A 11%+ variation in the value of these assets would have a material impact on our accounts.</p> <p>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.</p>
Pensions liability	<p>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.</p>	<p>As at 31 March 2023, the total LGPS pension liability is £1,386.2 million.</p> <p>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 applied to the LGPS, in isolation, would result in an increase in the pension liability of £24.8 million. See note 37 for further examples.</p> <p>During 2022/23, our actuaries advised that the net pensions' liability has decreased by £645.2 million mainly as a result of an actuarial gain due to revaluation of fund liabilities.</p>
McCloud and Sargeant Judgements	<p>The McCloud and Sargeant judgements upheld the claimants' 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.</p>	<p>At 31 March 2023, the total pension liability (all schemes) is £1,654.2 million.</p> <p>A 1% change in the employer's liability as a result of the final remedy would change our pension liabilities by £16.5m.</p>



Fair Value	<p>It is not always possible for the fair values of investment properties, surplus assets, assets held for sale and financial assets to be measured based on quoted prices in active markets (i.e. Level 1 inputs).</p> <p>For Level 2 inputs we use quoted prices for similar assets or liabilities in active markets at the balance sheet date.</p> <p>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.</p> <p>Where Level 1 inputs are not available for investment properties, surplus assets and assets held for sale, we use valuers to identify the most appropriate valuation techniques to determine fair value.</p>	<p>At 31 March 2023, the carrying value of Investment Properties is £13.4 million. The value of level 2 financial liabilities is £339.5 million and the value of level 2 and level 3 financial assets are £4.9 million and £2.6 million respectively.</p> <p>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.</p>
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### 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.

2021/22 £ m	Capital financing requirement	2022/23 £ m
278.3	Opening requirement	267.4
	Capital investment:	
86.4	- Property, plant & equipment	88.3
0.1	- Heritage assets	0.0
0.0	- Investment property	0.9
0.4	- Long term debtors relating to capital transactions	1.4
22.1	- Revenue spending from capital under statute	26.8
<b>109.0</b>	<b>Total capital investment</b>	<b>117.4</b>
	Sources of finance:	
-23.9	- Capital receipts	-8.7
-82.6	- Government grants and other contributions	-106.4
	- Sums set aside from revenue:	
-2.5	- Direct revenue contributions	-2.3
-10.9	- MRP	-10.5
<b>-119.9</b>	<b>Total sources of income</b>	<b>-127.9</b>
<b>267.4</b>	<b>Closing capital financing requirement</b>	<b>256.8</b>

2021/22 £ m	Explanation of movements in the year	2022/23 £ m
-10.9	Change in underlying need to borrow	-10.6
<b>-10.9</b>	<b>Increase/decrease(-) in Capital Financing Requirement</b>	<b>-10.6</b>

## **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.
- 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.

## **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 2023.

We confirm that the DSG receivable in 2022/23 was £248.8 million (made under section 14 of the Education Act 2002). This amount includes £2.1 million in relation to NNDR which passes directly to billing authorities. 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. 2021/22, thus creating a comparable position to the statutory funding basis for the 2022/23 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 2023/24 and will be shown in the table as an in-year adjustment. The £0.4m in-year adjustment shown in the table is £0.36m additional DSG income relating to the final in-year adjustment for 2021/22 and £0.08m NNDR adjustments relating to 2022/23.

The deficit on the high needs DSG is £20.4m at the end of the 2022/23 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 2022/23 across the different DSG blocks are shown below.

2021/22 Total		2022/23										
		Central Spending					Individual schools budget (ISB)					Total
		Schools Block	Early Years Block	High Needs Block	Central Block	TOTAL	Schools Block	Early Years Block	High Needs Block	Central Block	TOTAL	
		£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m	£ m
495.5	Final DSG for the year before Academy recoupment	3.9	1.5	64.0	4.1	73.5	393.9	34.2	22.0	0.0	450.1	523.6
-255.5	Less Academy recouped for the year	0.0	0.0	0.0	0.0	0.0	-259.3	0.0	-15.5	0.0	-274.8	-274.8
<b>240.0</b>	<b>Total DSG after Academy recoupment for the year and agreed initial budget distribution in the year.</b>	<b>3.9</b>	<b>1.5</b>	<b>64.0</b>	<b>4.1</b>	<b>73.5</b>	<b>134.6</b>	<b>34.2</b>	<b>6.5</b>	<b>0.0</b>	<b>175.3</b>	<b>248.8</b>
-8.3	Plus DSG brought forward from the previous year	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>231.7</b>	<b>Agreed initial budgeted distribution in the year</b>	<b>3.9</b>	<b>1.5</b>	<b>64.0</b>	<b>4.1</b>	<b>73.5</b>	<b>134.6</b>	<b>34.2</b>	<b>6.5</b>	<b>0.0</b>	<b>175.3</b>	<b>248.8</b>
0.5	In year Adjustments	0.0	0.0	0.0	0.0	0.0	0.1	0.4	0.0	0.0	0.5	0.5
<b>232.2</b>	<b>Final budgeted DSG distribution for the year</b>	<b>3.9</b>	<b>1.5</b>	<b>64.0</b>	<b>4.1</b>	<b>73.5</b>	<b>134.7</b>	<b>34.6</b>	<b>6.5</b>	<b>0.0</b>	<b>175.8</b>	<b>249.3</b>
-67.3	Actual central spending for the year	-4.9	-1.4	-68.4	-4.1	-78.8	0.0	0.0	0.0	0.0	0.0	-78.8
-176.0	Actual ISB deployed to schools	0.0	0.0	0.0	0.0	0.0	-134.7	-34.3	-6.5	0.0	-175.5	-175.5
<b>-11.1</b>	<b>Under/Over(-) spend for the year (carried forward)</b>	<b>-1.0</b>	<b>0.1</b>	<b>-4.4</b>	<b>-0.0</b>	<b>-5.3</b>	<b>-0.0</b>	<b>0.3</b>	<b>-0.0</b>	<b>0.0</b>	<b>0.3</b>	<b>-5.0</b>

**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, 9 Warwickshire schools chose to take up the new academy status in 2022/23 and a further 5 Warwickshire schools are anticipated to also convert to academy status in 2023/24 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 2023 will be in the region of £20.7 million.

**Note 31: External audit costs**

We expect to incur costs of £0.130 million (£0.129 million in 2021/22) in relation to the audit of the 2022/23 Statement of Accounts and £0.010 million (£0.008 million in 2021/22) 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 2022/23 (£0.008 million in 2021/22).

**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 2022 £ m	Operating lease period	31 March 2023 £ m
1.8	Not later than 1 year	1.7
4.8	Later than 1 year and not later than 5 years	4.3
11.0	Later than 5 years	10.7
<b>17.6</b>	<b>Total</b>	<b>16.7</b>

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 £0.863 million (£0.775 million in 2021/22) in allowances and expenses. In addition, we paid independent and co-opted members allowances and expenses of £0.013 million (£0.013 million in 2021/22). No single member was paid more than £50,000 during the year. Details of allowances and expenses payments made to Elected Members in 2022/23 are available on our website. 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.

2021/22		Remuneration Band	2022/23	
Number of Staff	Number Left in the Year		Number of Staff	Number Left in the Year
170	7	£50,000 - £54,999	174	9
113	5	£55,000 - £59,999	144	1
83	1	£60,000 - £64,999	98	5
64	2	£65,000 - £69,999	72	1
42	4	£70,000 - £74,999	40	1
29	0	£75,000 - £79,999	28	0
21	2	£80,000 - £84,999	30	1
11	0	£85,000 - £89,999	16	0
5	0	£90,000 - £94,999	6	0
6	0	£95,000 - £99,999	10	0
5	0	£100,000 - £104,999	6	0
1	0	£105,000 - £109,999	7	1
0	0	£110,000 - £114,999	4	0
2	0	£115,000 - £119,999	3	0
1	1	£120,000 - £124,999	3	0
0	0	£125,000 - £129,999	1	1
1	0	£130,000 - £134,999	2	0
0	0	£135,000 - £139,999	0	1
0	0	£140,000 - £144,999	1	0
0	0	£145,000 - £149,999	1	0
<b>554</b>	<b>22</b>		<b>646</b>	<b>21</b>

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) £	Compensation for loss of office £	Total excluding pension contributions £	Employer's Pension Contributions £	Total including pension contributions £
Chief Executive - Monica Fogarty (Head of Paid Service)	2021/22	198,948	0	198,948	39,193	238,141
	2022/23	200,525	0	200,525	39,503	240,028
Strategic Director for Resources - Rob Powell (Section 151 Officer)	2021/22	153,767	0	153,767	30,292	184,059
	2022/23	155,531	0	155,531	30,640	186,171
Strategic Director for People - Nigel Minns Note 1	2021/22	153,767	0	153,767	30,292	184,059
	2022/23	155,531	0	155,531	30,640	186,171
Strategic Director for Communities - Mark Ryder	2021/22	146,193	0	146,193	28,800	174,993
	2022/23	151,760	0	151,760	29,897	181,657
Chief Fire Officer Note 2	2021/22	69,699	0	69,699	15,973	85,672
	2021/22	88,953	0	88,953	25,618	114,571
	2022/23	135,564	0	135,564	39,042	174,606
Director - Public Health (Director of Public Health)	2021/22	115,553	0	115,553	22,764	138,317
	2022/23	115,603	0	115,603	22,774	138,377
Assistant Director Education Services (Chief Education Officer) Note 3, Note 4	2021/22	119,743	0	119,743	23,589	143,332
	2022/23	69,681	70,000	139,681	12,030	151,711
Assistant Director Governance and Policy (Monitoring Officer)	2021/22	122,380	0	122,380	24,109	146,489
	2022/23	124,262	0	124,262	24,480	148,742
<b>Total 2021/22</b>		<b>1,169,003</b>	<b>0</b>	<b>1,169,003</b>	<b>240,630</b>	<b>1,409,633</b>
<b>Total 2022/23</b>		<b>1,117,760</b>	<b>70,000</b>	<b>1,187,760</b>	<b>230,839</b>	<b>1,418,599</b>

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 The role of Assistant Director for Education Services was undertaken by two individuals during 2022/23. Initially from 1 April 2022 to 30 September 2022 on an annualised salary of £121,167. A new Assistant Director for Education Services started on 01 March 2023 on an annualised salary of £111,630.

Note 4 An interim Assistant Director for Education was also in post from April 2022 to March 2023, receiving payment of £154,743. (Prior year: November 2021 to March 2022 receiving payment of £68,255).

There were no payments for taxable expense allowances or benefits in kind.

A number of employees left during 2022/23. Exit packages agreed within 2022/23 totalled £0.6 million (£1.8 million in 2021/22). One of the exit packages relates to a senior employee. 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	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23
£0 - £20,000	26	22	32	0	58	22	0.284	0.134
£20,001 - £40,000	10	1	1	0	11	1	0.307	0.021
£40,001 - £60,000	5	3	2	0	7	3	0.338	0.157
£60,001 - £80,000	4	1	0	0	4	1	0.260	0.070
£80,001 - £100,000	0	0	0	0	0	0	0.000	0.000
£100,001 - £150,000	5	0	0	0	5	0	0.617	0.000
£150,001 - £200,000	0	0	0	0	0	0	0.000	0.000
£200,001 - £250,000	0	0	0	1	0	1	0.000	0.227
	<b>50</b>	<b>27</b>	<b>35</b>	<b>1</b>	<b>85</b>	<b>28</b>	<b>1.806</b>	<b>0.609</b>

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 2022/23 (£16.4 million in 2021/22).

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 2022/23 the payments relating to added pensionable years came to £3.1 million (£3.1 million in 2021/22).

##### 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 2022/23, pension payments totalled £7.9 million (£7.3 million in 2021/22). Costs relating to early retirement totalled £1.9 million in 2022/23 (£3.2 million in 2021/22).

The estimated employer's contributions for Fire Fighters pension for the period to 31st March 2024 is approximately £2.9 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 2022/23 we paid £0.055 million (£0.065 million in 2021/22) 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 2022 set the rates for 2023/24, 2024/25 and 2025/26.

In the valuation carried out as at 31 March 2022 the funding level increased from 92% to 104%. As a result, the employer's rate is expected to remain unchanged until 2025/26. In 2022/23, we made normal employer's contributions totalling £36.3 million (£32.3 million in 2021/22).

We are also responsible for all pension payments relating to benefits we have awarded for added years, together with related increases. In 2022/23, these came to £1.0 million (£1.1 million in 2021/22). The estimated employer's contribution for the period to 31st March 2024 is £35.9 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 was an increased pension liability of £10 million. This comprised 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 2023 is based on the market value at 31 March 2023. The movement in our LGPS assets in the year is as shown below:

31 March 2022 £ m	Change in Fair Value of WCC Share of LGPS Assets	31 March 2023 £ m
1,278.1	Fair value of assets at the beginning of the year	1,397.2
-2.7	Effect of settlements	-2.3
25.5	Interest Income on plan assets	37.7
77.9	Remeasurements on assets	-37.5
32.4	Employers' contributions (including receipts covering early retirements)	37.3
10.1	Member contributions	11.3
-43.3	Benefits/transfers paid	-45.4
19.2	Effect of business combinations and disposals	0.0
<b>1,397.2</b>	<b>Fair value of assets at the end of the year</b>	<b>1,398.2</b>

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

31 March 2022		LGPS Assets	31 March 2023	
Quoted prices in active markets £ m	Quoted prices not in active markets £ m		Quoted prices in active markets £ m	Quoted prices not in active markets £ m
0.0	0.6	<b>Equity securities:</b>	0.0	0.6
180.5	41.6	<b>Debt Securities:</b>	172.0	51.7
0.0	99.3	<b>Private equity:</b>	0.0	103.5
		<b>Real estate:</b>		
137.1	0.0	UK property	128.6	0.0
0.5	0.0	Overseas property	0.0	0.0
		<b>Investment funds and unit trusts:</b>		
711.3	0.0	Equities	701.3	0.0
126.2	0.0	Bonds	125.8	0.0
0.0	70.7	Infrastructure	0.0	97.9
0.0	0.0	Other	0.0	0.0
29.3	0.0	<b>Cash and cash equivalents</b>	16.8	0.0
<b>1,185.0</b>	<b>212.2</b>	<b>Totals</b>	<b>1,144.6</b>	<b>253.7</b>

The expected return on scheme assets does not affect the Balance Sheet position as at 31 March 2023 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.

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31 March 2022 (Restated)					Pension scheme accounting	31 March 2023				
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
					<b>Spending:</b>					
81.3	0.0	5.0	0.6	86.9	Current service cost	80.4	0.0	4.7	0.6	85.7
0.3	0.0	0.0	0.0	0.3	Past service cost and curtailments	0.0	0.0	0.0	0.0	0.0
-2.6	0.0	0.0	0.0	-2.6	Effects of Settlement	-2.3	0.0	0.0	0.0	-2.3
39.3	0.9	6.2	0.6	47.0	Interest cost	52.6	1.1	8.0	0.7	62.5
-25.5	0.0	0.0	0.0	-25.5	Interest income on plan assets	-37.7	0.0	0.0	0.0	-37.7
<b>92.9</b>	<b>0.9</b>	<b>11.2</b>	<b>1.2</b>	<b>106.2</b>	<b>Net charge to CIES</b>	<b>93.0</b>	<b>1.1</b>	<b>12.7</b>	<b>1.3</b>	<b>108.2</b>
					<b>Contribution from Pensions Reserve:</b>					
137.7	4.3	18.3	1.5	161.8	Movement on the Pensions Reserve	545.2	7.1	85.8	7.0	645.1
-207.2	-2.1	-20.4	-2.2	-231.8	Re-measurements recognised in CIES	-601.0	-5.1	-90.1	-7.7	-703.8
10.0	0.0	0.0	0.0	10.0	Effect of business combinations and disposals	0.0	0.0	0.0	0.0	0.0
n/a	n/a	-6.1	n/a	-6.1	Funded by Government top up grant	n/a	n/a	-5.5	n/a	-5.5
<b>-59.5</b>	<b>2.2</b>	<b>-8.2</b>	<b>-0.7</b>	<b>-66.3</b>	<b>Contribution (from) Pensions Reserve</b>	<b>-55.7</b>	<b>2.0</b>	<b>-9.8</b>	<b>-0.7</b>	<b>-64.2</b>
					<b>Actual amount charged against council tax:</b>					
33.4	n/a	3.0	n/a	36.3	Employer's contributions & ill-health contributions	37.3	n/a	2.9	n/a	40.3
0.0	3.1	0.0	0.5	3.6	Retirement benefits paid or due to be paid to pensioners and transfers out	0.0	3.1	0.0	0.6	3.7
<b>33.4</b>	<b>3.1</b>	<b>3.0</b>	<b>0.5</b>	<b>39.9</b>	<b>Amount charged against council tax</b>	<b>37.3</b>	<b>3.1</b>	<b>2.9</b>	<b>0.6</b>	<b>44.0</b>
					<b>Amount funded by government top up grant</b>					
n/a	n/a	10.3	n/a	10.3	Retirement benefits paid and due to be paid to pensioners and transfers out	n/a	n/a	9.8	n/a	9.8
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	-1.4	n/a	-1.4
n/a	n/a	-3.0	n/a	-3.0	Employer's contributions & ill-health contributions	n/a	n/a	-3.0	n/a	-3.0
<b>0.0</b>	<b>0.0</b>	<b>6.1</b>	<b>0.0</b>	<b>6.1</b>	<b>Government top up grant receivable</b>	<b>0.0</b>	<b>0.0</b>	<b>5.4</b>	<b>0.0</b>	<b>5.4</b>
					<b>Movement in Reserves Statement</b>					
-92.9	-0.9	-11.2	-1.2	-106.2	Reversal of net charges made for retirement benefits	-93.0	-1.1	-12.7	-1.3	-108.2
33.4	n/a	3.0	n/a	36.3	Employer's contributions & ill-health contributions	37.3	n/a	2.9	n/a	40.3
n/a	3.1	n/a	0.5	3.6	Retirement benefits paid or due to be paid to pensioners and transfers out	n/a	3.1	n/a	0.6	3.7
<b>-59.5</b>	<b>2.2</b>	<b>-8.2</b>	<b>-0.7</b>	<b>-66.3</b>	<b>Movement in Reserves Statement</b>	<b>-55.7</b>	<b>2.0</b>	<b>-9.8</b>	<b>-0.7</b>	<b>-64.2</b>

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

31 March 2022				Pension scheme assumptions	31 March 2023			
LGPS	Teachers	Firefighters	Firefighter Injury Award		LGPS	Teachers	New Firefighters	Firefighter and Injury Award
				<b>Financial assumptions:</b>				
3.2%	3.2%	3.2%	3.2%	Rate of Inflation CPI	3.0%	3.0%	3.0%	3.0%
4.0%	4.0%	3.7%	3.7%	Salary increase	4.0%	4.0%	3.2%	3.2%
3.2%	3.2%	3.2%	3.2%	Pensions increases	3.0%	3.0%	3.0%	3.0%
2.7%	2.7%	2.7%	2.0%	Rate of discount	4.8%	4.8%	4.8%	4.8%
				<b>Life expectancy assumptions:</b>				
21.6 (24.1)	21.6 (24.1)	26.3 (28.7)	26.3 (28.7)	A male (female) current pensioner aged 65	21.7 (24.2)	21.7 (24.2)	25.9 (28.5)	25.9 (28.5)
22.7 (25.9)	22.7 (25.9)	27.7 (30.1)	27.7 (30.1)	A male (female) future pensioner aged 65 in 20 years time	22.5 (25.8)	22.5 (25.8)	27.3 (29.8)	27.3 (29.8)
				<b>Commutation of pension for lump sum at retirement:</b>				
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 2023	Approximate increase to Employer Liability %	Approximate monetary amount £ m
0.1% decrease in real discount rate	2%	24.8
1 year increase in member life expectancy	4%	55.4
0.1% increase in the salary increase rate	0%	2.3
0.1% increase in the pension increase rate	2%	22.8

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

31 March 2022					Change in present value of pension scheme liabilities during the year	31 March 2023				
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
1,949.1	47.8	316.3	27.7	2,340.9	Benefit obligation at the beginning of the year	1,930.4	43.6	298.0	26.2	2,298.2
81.3	0.0	5.0	0.6	86.9	Current service costs	80.4	0.0	4.7	0.6	85.7
-5.3	0.0	0.0	0.0	-5.3	Effect of Settlements	-4.7	0.0	0.0	0.0	-4.7
39.3	0.9	6.2	0.6	47.0	Interest on pensions liabilities	52.6	1.1	8.0	0.7	62.5
10.1	0.0	1.2	0.0	11.3	Member contributions	11.3	0.0	1.4	0.0	12.7
0.3	0.0	0.0	0.0	0.3	Past service costs	0.0	0.0	0.0	0.0	0.0
-44.3	-3.1	-10.3	-0.5	-58.2	Benefits/transfers paid	-45.4	-3.1	-9.8	-0.6	-59.0
29.1	0.0	0.0	0.0	29.1	Effect of business combinations and disposals	0.0	0.0	0.0	0.0	0.0
-129.2	-2.1	-20.4	-2.2	-153.9	Remeasurements on liabilities	-638.4	-5.1	-90.1	-7.7	-741.3
<b>1,930.4</b>	<b>43.6</b>	<b>298.0</b>	<b>26.2</b>	<b>2,298.2</b>	<b>Present value of liabilities at the end of the year</b>	<b>1,386.2</b>	<b>36.6</b>	<b>212.2</b>	<b>19.2</b>	<b>1,654.2</b>

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

31 March 2022					Pension assets and liabilities recognised in the Balance Sheet	31 March 2023				
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
1,930.4	43.6	298.0	26.2	2,298.2	Present value of the defined benefit obligation	1,386.2	36.6	212.2	19.2	1,654.2
1,397.2	0.0	0.0	0.0	1,397.2	Less: Fair value of plan assets	1,398.2	0.0	0.0	0.0	1,398.2
<b>533.2</b>	<b>43.6</b>	<b>298.0</b>	<b>26.2</b>	<b>901.1</b>	<b>Net Liability arising from defined benefit obligation</b>	<b>-12.0</b>	<b>36.6</b>	<b>212.2</b>	<b>19.2</b>	<b>255.9</b>
<b>-137.7</b>	<b>-4.2</b>	<b>-18.3</b>	<b>-1.5</b>	<b>-161.8</b>	<b>Increase/decrease (-) in net liability from previous year</b>	<b>-545.2</b>	<b>-7.1</b>	<b>-85.8</b>	<b>-7.0</b>	<b>-645.2</b>

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 – no deficit as at 31 March 2023;
- 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 tables below summarise the financial transactions of the pooled budgets.

#### Better Care Fund – Section 75:

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 NHS Coventry and Warwickshire Integrated Care Board (ICB). 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.

Better Care Fund	2021/22	2022/23
	£m	£m
<b>Funding provided to the pooled budget:</b>		
~ Warwickshire County Council	19.8	22.1
~ NHS Coventry and Warwickshire ICB	43.4	46.9
	<b>63.2</b>	<b>69.0</b>
<b>Expenditure met from the pooled budget:</b>		
~ Warwickshire County Council	34.3	39.0
~ NHS Coventry and Warwickshire ICB	26.0	29.2
	<b>60.3</b>	<b>68.2</b>
<b>Net Surplus arising on the pooled budget during the year:</b>	<b>2.9</b>	<b>0.8</b>

Total pooled budget arrangement for 2022/23 is £69 million (£63.2 million in 2021/22) of which:

£5.1 million (£5.1 million in 2021/22) is capital funding for Disabled Facilities. Warwickshire County Council pays the Disabled Facilities Grant monies to its District and Boroughs which then incur the spend on local facilities.

Of the remaining funds, £29.2 million (£26.0 million in 2021/22) was spent by the ICB for it to commission services.

In addition, £4.3 million (£4.1 million in 2021/22) has been passed back to the Council as part of a separate S75 Integrated Community Equipment Service (ICES) agreement. The Council contributed a further £1.8 million (£1.7 million in 2021/22) and incurred total spend of £6.1 million in relation to ICES in 2022/23 (£5.5 million in 2021/22).

A total of £27.7 million (£23.6 million in 2021/22) revenue funding was allocated by the Council for commissioning services in accordance with the agreement.

In 2022/23, the surplus on the Better Care Fund totalled £0.8m. This related to the Adult Social Care Discharge Fund and was held by the Council as at 31/03/23. The surplus is held within earmarked reserves by the Council on behalf of the pool, with the related expenditure due to be incurred in future years.

In 2021/22, the surplus on the Better Care Fund totalled £2.9m. This related to the Development Fund contributed by the ICB. This was held by the Council as at 31/03/22. The surplus was held within earmarked reserves by the Council on behalf of the pool, with the related expenditure due to be incurred in future years.

The surplus at the end of the year on Disabled Facilities belongs to the Districts and Borough Councils of Warwickshire. The Districts and Boroughs hold these funds and then incur the related spend in future years.

#### Commissioning of Mental Health Services for Children and Young People (CAMHS)

The authority has entered into a pooled budget arrangement with NHS Coventry and Warwickshire ICB for the commissioning of mental health services for children and young people. The s75 agreement for Commissioning of Mental Health Services was agreed in 2018/19.

Warwickshire County Council acts as the lead commissioning partner within the pooled arrangement. The pooled resources totalled 4.4 million in 2022/23 (£4.5 million in 2021/22). Any surplus or deficits remaining within the pool, are allocated in agreement with the Partnership Board.

CAMHS	2021/22	2022/23
	£m	£m
<b>Funding provided to the pooled budget:</b>		
~ Warwickshire County Council	0.9	0.8
~ NHS Coventry and Warwickshire ICB	3.6	3.7
	<b>4.5</b>	<b>4.4</b>
<b>Expenditure met from the pooled budget:</b>		
~ Warwickshire County Council	4.5	4.4
~ NHS Coventry and Warwickshire ICB	0.0	0.0
	<b>4.5</b>	<b>4.4</b>
<b>Net Surplus arising on the pooled budget during the year:</b>	<b>0.0</b>	<b>0.0</b>

#### **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. As lead authority for the pool, Warwickshire County Council undertakes a number of responsibilities, including completing all formal returns to Central Government on behalf of the pool members, manage the resources of the pool in accordance with the MoU, administer the schedule of payments between Pool members in respect of all financial transactions that form part of the Pool's resource.

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. At 31st March 2023, the pool surplus held was £2.8 million (£2.2 million at 31st March 2022). This is held in Note 7 within the line "External Commitments Reserves".

#### **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 the NHS Coventry and Warwickshire Integrated Care Board 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 2022/23 is shown in note 35.

During 2022/23 £14.6 million (£14.5 million in 2021/22) was paid to entities in which elected members had an interest (this includes £13.3 million (£13.5 million in 2021/22) paid to District and Borough Councils in Warwickshire where they are also elected members).

During 2022/23 £5.7 million (£7.0 million in 2021/22) was received from entities in which elected members had an interest (this includes £3.8 million (£5.4 million in 2021/22) 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 2023, 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.

##### Senior Officers

During 2022/23 payments of £10.3 million (2021/22 – £0.7 million) were made to organisations in which senior officers or members of their families had declared an interest. During 2022/23 payments of £1.5 million (2021/22 - £1.6 million) were received from organisations in which senior officers or members of their families had declared an interest. At 31 March 2023, 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 £30.0 million (£32.4 million in 2021/22) to other local authorities, central government and public bodies including £5.8 million (£6.8 million in 2021/22) to Her Majesty's Revenue and Customs, and they



owed us £36.5 million (£46.8 million in 2021/22), including £8.8 million (£4.6 million in 2021/22) from Her Majesty's Revenue and Customs.

Warwickshire County Council is the administering body for the Warwickshire Pension Fund. In 2022/23 we charged the Warwickshire County Council Pension Fund £1.3 million (£1.7 million in 2021/22) for carrying out the administration work for the fund (not including payroll-processing costs). In addition we paid pension contributions to the pension fund as part of the Local Government Pension Scheme (LGPS). These are shown in Note 37.

### Group Entities

The following companies fall within the WCC group boundary as at 31st March 2023.

<u>Company</u>	<u>WCC Share Holding</u>
Warwickshire Legal Services Trading Ltd	100% owned LATC (WCC)
Educaters Ltd	100% owned LATC (WCC)
Warwickshire Property and Development Group Ltd (WPDG)	100% owned LATC (WCC)
Warwickshire Property Development Limited	100% owned subsidiary of WPDG
Warwickshire Property Management Limited	100% owned subsidiary of WPDG
Develop Warwickshire LLP (DW LLP)	30% owned Joint Venture (WCC) 20% owned Joint Venture (WPDG)
BrookMill Meadows LLP	100% owned subsidiary of DW LLP

Warwickshire County Council have three wholly owned local authority trading companies. Two which started trading in 2017/18 and one that was incorporated in March 2021.

- Warwickshire Legal Services Trading Ltd:

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.

In 2022/23 the Council received payments of £216k (£70k in 2021/22) from Warwickshire Legal Services Trading Ltd, and made no payments (Nil in 2021/22) to the entity. As at 31 March 2023, the Council was owed £47k (31 March 2022: £82k) by the entity and didn't owe anything to it (31 March 2022: nil).

- Educaters Ltd:

Educaters 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 2022 showed net liabilities of £0.6 million (£8.7 million for the year to 30 August 2021). This improved position is mainly as a result of the transfer of the pension liability back to the Council. In 2021/22 we agreed to take on the full pension assets and liabilities of Educaters Ltd (our wholly owned Local Authority Trading Company), adopting an approach to achieve a stable and appropriate contributions rate under a risk sharing agreement.

We provided the company with a working capital loan of up to £1.8 million as required up to 31 August 2022, later extended to 31 March 2023 with further scope of extension to 31 March 2024. Interest is charged at a market rate of 5.75% plus the Bank of England Base Rate per annum. At 31 March 2023 the balance on the loan was £1.8 million (31 March 2022: £1.6 million). No dividends or profit distributions have yet been agreed for the trading periods up to 31 March 2023.

In 2022/23, aside from items relating to the loan amounts mentioned above, the Council (including Warwickshire's maintained schools) made payments of £7.2 million to Educaters Ltd (£6.3 million in 2021/22) and received payments of £0.4 million (£0.3 million in 2021/22). As at 31/03/2023, the County Council was owed £13k (31 March 2022: £125k) by Educaters Ltd and the Council owed Educaters £1.0 million (31 March 2022: £1.1 million).

- Warwickshire Property and Development Group Ltd (WPDG):

A wholly owned local authority trading company was incorporated on 26 March 2021 called the Warwickshire Property and Development Group Ltd (WPDG). The reason for creating WPDG is to deliver our policy objective of creating jobs and more homes across Warwickshire. WPDG has two wholly owned subsidiary companies; Warwickshire Property Management Ltd and Warwickshire Property Development Ltd. At 31 March 2023 one site had been transferred to the company. Its accounts for the period ended 31 December 2022 showed a net liability position of £0.7 million.

As at 31 March 2023 we had provided a working capital loan of £1.2 million (31 March 2022: £0.2 million. Interest is charged at a market rate of 3.44% above the UK 3-year gilt rate (and 0.25% above UK 3-year gilt rate for the undrawn remainder of the £1.85 million total facility). In addition to the working capital loan there is a development loan. The balance was £1.4 million at 31 March 2023 (31 March 2022: Nil). The development loan has interest charged at 5.91%.

In 2022/23, aside from items relating to the loan amounts mentioned above, the Council made payments of £395k to WPDG (£148k in 2021/22) and received payments of £588k (£8k in 2021/22). As at 31/03/2023, the Council was owed £5k (31 March 2022: £49k) by WPDG and owed WPDG £34k (31 March 2022: £5k).

- Warwickshire Property Development Limited (WPD Ltd):

Warwickshire Property Development Limited is a wholly owned subsidiary of Warwickshire Property and Development Group Ltd. The entity was established to positively contribute to the delivery of the Council's objectives through using our surplus land to deliver new affordable and market priced homes together with a range of commercial and mixed-use opportunities to deliver economic growth across the County.

In 2022/23, the Council made no payments to WPD Ltd and received no payments from WPD Ltd. As at 31/03/2023, the Council owed nothing to WPD Ltd and WPD Ltd owed nothing to the Council. No payments to/from WPD Ltd or amounts owed to/from WPD Ltd were present in 2021/22.

- Warwickshire Property Management Limited (WPM Ltd):

Warwickshire Property Management Limited is a wholly owned subsidiary of Warwickshire Property and Development Group Ltd. The entity was established to transfer the property management function from the Council to WPDG to regularise leasing arrangements and look for opportunities to ensure the effective use of our property assets.

In 2022/23, the Council made payments of £229k to WPM Ltd and received no payments from WPM Ltd. As at 31/03/2023, the Council owed WPM Ltd £53k and WPM Ltd owed nothing to the Council. No payments to/from WPM Ltd or amounts owed to/from WPM Ltd were present in 2021/22.

- Develop Warwickshire LLP:

To further deliver on our policy objectives, in 2022/23 we along with WPDG entered into a joint venture partnership called Develop Warwickshire. The split of ownership in the joint venture is WCC (30%), WPDG (20%) and Countryside Partnerships PLC (50%).

No transactions took place between the Council and Develop Warwickshire LLP in 2022/23.

- BrookMill Meadows LLP:

BrookMill Meadows LLP is an entity, established in 2022/23. Develop Warwickshire LLP is owned by Develop Warwickshire LLP. The entity is setup to handle the initial project undertaken by Develop Warwickshire LLP.

No transactions took place between the Council and Develop Warwickshire LLP in 2022/23.

## The Firefighters' Pension Fund

2021/22 £m	Fund account	2022/23 £m
	<b>Income to the fund</b>	
	<b>Contributions receivable (funds due to us during the year):</b>	
	- from employer: Warwickshire County Council	
-2.9	- normal contributions in relation to pensionable pay	-2.8
-0.1	- early retirements	-0.1
-1.2	- from members (firefighters' contributions)	-1.3
	<b>Transfers in:</b>	
<b>-4.2</b>	<b>Income to the fund</b>	<b>-4.2</b>
	<b>Spending by the fund</b>	
	<b>Benefits payable:</b>	
7.3	- Pension payments	7.9
3.2	- Commutation of pensions and lump-sum retirement benefits	1.9
	<b>Payments to and on account of leavers</b>	
0.0	- Individual transfers out of the scheme to other authorities	0.1
<b>10.5</b>	<b>Spending by the fund</b>	<b>9.9</b>
<b>6.3</b>	<b>Net amount payable for the year (before top-up grant receivable from Government)</b>	<b>5.7</b>
-6.3	Top-up grant payable by the Government	-5.7
<b>0.0</b>	<b>Net amount payable or receivable (-) for the year</b>	<b>0.0</b>

31 March 2022 £m	Firefighters' Pension Fund net assets statement	31 March 2022 £m
	<b>Current assets:</b>	
2.3	- Top-up grant receivable from Government	2.9
	<b>Current liabilities:</b>	
-2.3	- other current liabilities (other than liabilities in the future)	-2.9
<b>0.0</b>	<b>Net assets or liabilities (-) at the end of the year</b>	<b>0.0</b>

### 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 2023. 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 2023



*Working for  
Warwickshire*



# Annual Governance Statement 2022/23

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## 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.

To be successful the Council must have a solid foundation of good governance and sound financial management. Our Council Plan is available on the Council's website: <https://www.warwickshire.gov.uk/councilplan> and describes how the Council will meet the challenges ahead and make the most of opportunities.

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 2023. The AGS reflects the position, role titles and content relevant to governance arrangements that were in place during 2022/23. However, within the Governance Improvement Actions for 2023/24 the role titles have been updated to reflect the structural changes made in October 2023.

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 effective 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)*

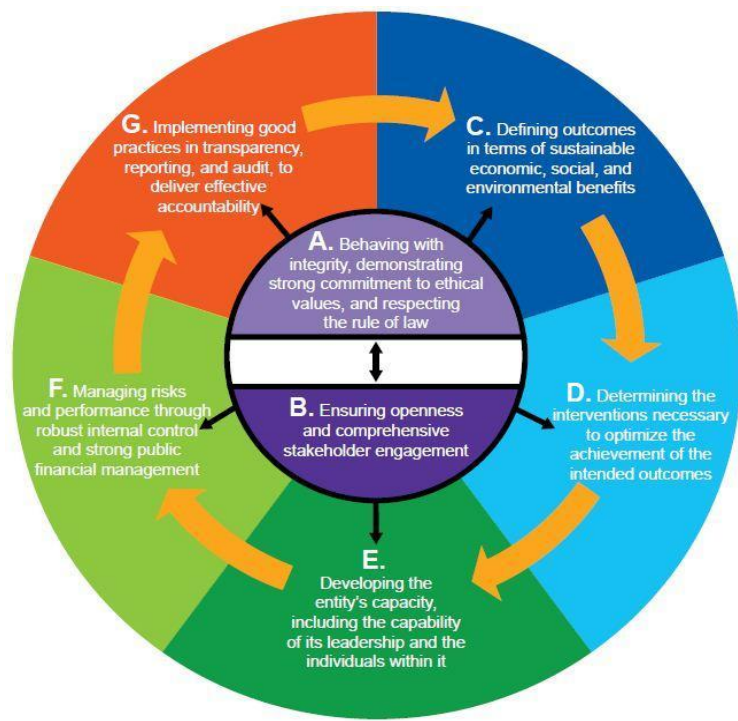


Figure 1: CIPFA's Principles of Good Governance

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>

We continue to monitor external factors that may have an impact on the Council's governance arrangements and will take appropriate action where necessary. International political and economic events continue to cause significant uncertainty, driving inflation and cost of living challenges. The legal and regulatory framework will continue to change and will present opportunities to update our governance arrangements over time.

The Code of Corporate 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 specifically 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.

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.

**Figure 2: The Council's 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.

### **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 as part of the AGS process. The annual refresh of the CIPFA FM Code self-assessment was reported to the Audit and Standards Committee in March 2023. This reiterated that the Council complies with the standards set out within the Code. The Committee also considered progress on the delivery of the Code's improvement action plan and approved a new action plan for 2023/24. Given the Council is already compliant with the Code, the improvement action plan entails continuing to push for best practice in relevant areas, rather than simply settling for basic compliance.

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.

### 3 Review of compliance with the Code of Corporate Governance

We 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 adapted to a new way of working during 2022/23 and beyond.

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	<p>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.</p> <p>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.</p>
	<p>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.</p> <p>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. We undertook several refresher training sessions for members on conduct and behaviours during 2021/22 and these have continued throughout 2022/23 as part of our refreshed approach to Member Development. As part of those sessions, we consider any developments in law or guidance in the area of member conduct and update members. If there are any significant developments, these will form the basis of a further formal review of the Code. <a href="https://democracy.warwickshire.gov.uk/documents/s14878/Revised%20Member%20Code%20of%20Conduct.pdf">https://democracy.warwickshire.gov.uk/documents/s14878/Revised%20Member%20Code%20of%20Conduct.pdf</a></p> <p>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 and are responded to as quickly as possible (<a href="http://www.warwickshire.gov.uk/complaints">http://www.warwickshire.gov.uk/complaints</a>). We appreciate the diversity of our</p>

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, <https://www.warwickshire.gov.uk/constitution> including Contract Standing Orders and Financial Regulations were reviewed during 2022/23, with only minor updates required during the financial year to ensure that they remained legislatively compliant and reflect the organisation's operating arrangements. Changes were approved by Council in May and September 2022.

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 Section 151 / Deputy Section 151 Officers and the Head of Paid Service. The Head of Paid Service, Section 151 / Deputy Section 151 Officers and Monitoring Officer meet regularly to ensure any regulatory requirements are addressed and any regulatory risks are discussed and visible.

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. This is supplemented annually by on-going Member refresher training for key areas like finance.

All officers with budget responsibilities receive training on general financial management and specifics around financial policies, procedures, systems and propriety.

Cabinet approved the Procurement and Contract Management Strategy in November 2022. The Strategy has been considered by a number of employees to seek feedback prior to formal promotion and training being carried out in 2023/24. Nationally, Procurement legislation is being refreshed and currently running through Parliamentary approvals processes with implementation likely to take place in autumn 2024. A report has been shared with Corporate Board on possible implications for further consideration. In addition, following a focused piece of work involving procurement and legal teams, areas where we can further strengthen procurement practice have been identified and will continue to be a focus during 2023/24.

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 Information Governance Team leads. 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>

Trading companies, wholly or partly owned by the Council, are scrutinised and challenged through shareholder representatives and for wholly owned companies the Commercial team monitors performance through the Commercial Delivery Group on a quarterly basis. In some instances, Council officers are appointed as Directors, and where appropriate, we also support new Council appointed Directors with training on how to perform their role as Directors effectively. Annual General Meetings are held by all trading companies to allow the Council as shareholder to further review annual performance and influence company governance procedures. Directors of relevant companies have also received "conflict of interest" awareness training and we actively monitor the risk of potential conflicts. 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).

## 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-l.tv/core/portal/webcasts>), and decisions are recorded and published.

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 ensuring that the voice of young people is heard across the Council. Each area of Warwickshire also has a Youth Forum which represents young people at a more local level.



We continue to be guided by 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.

We have an Employee Engagement Strategy to ensure employees have a voice, that managers and leaders hear and can act on staff feedback and that they continue to focus on coaching and developing their people, and there is clear communication about the direction of our Council. This is supported by employee forums and regular employee surveys, regular check in surveys which measure employee engagement and our direction of travel against Our People Strategy Delivery Plan which includes our people related measures.

Regular Corporate Board and Strategic Director live broadcasts, supported by Assistant Director and Team briefings and broadcasts are now embedded as a way to engage with our people irrespective of working arrangements (remote, office based or hybrid). Feedback from employees that completed the 'Your Say Survey' in February 2023 highlights 79% agree or strongly agree that 'Our internal communications keep me updated on what is happening'.

Regular feedback is provided to the workforce through various mechanisms, for example through briefings, Working 4 Warwickshire, intranet pages etc.

Warwickshire County Council, 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 Warwickshire 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. The Pension Fund is currently rolling out online member self-service, which is improving the accessibility of information for members. There is also a Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme.

## Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

### Compliance Overview

We have a clear set of priority outcomes in our five-year Council Plan and associated deliverables in our two-year Integrated Delivery Plan. The Council Plan has three priorities as follows:

- Priority 1, A county with a thriving economy and places with the right jobs, skills, and infrastructure (Economy & Places);
- Priority 2, A place where people can live their best lives, where communities and individuals are supported to live safely, healthily, happily, and independently (People & Communities); and
- Priority 3, A place with sustainable futures, which means adapting to and mitigating climate change and meeting net zero commitments (Sustainability).

The Medium-Term Financial Strategy (MTFS) supports the delivery of the Council Plan and is based on clear assumptions. Resources are aligned 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 implications linked to the decisions in the reports.

The Council Plan was approved and became effective from 1 April 2022 and is supported by the Integrated Delivery Plan which was approved by Cabinet in May 2022 and has been refreshed and approved in May 2023. Our strategies are supported by Business Plans, key change projects and investments to develop the actions needed to deliver outcomes. Projects and investments are scrutinised to ensure they deliver required outcomes.

The Council's Capital Programme is directed by our Integrated Capital Strategy, aligned to the Council Plan and approved by Council in February each year as part of the MTFS. The Capital Review has delivered a range of improved processes and embedded new controls around capital programme management, with the final stage linked to upgrading our financial system for capital monitoring.

Priorities and a programme of actions for addressing the climate emergency the Council declared in 2019 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 its own transport, gas and bought electricity to net zero by 2030. The Council has also committed to working with all partners and residents in Warwickshire to support the County to net zero by 2050.

The draft Sustainable Futures Strategy with a trajectory for carbon emission reductions to be a net zero county by 2050 was agreed at Cabinet in October 2022. A large-scale engagement campaign has been conducted with a range of

	<p>stakeholders and further targeted sessions will follow through the period to August 2023 to co-produce the Strategy and an action plan. The final Strategy and action plan for Warwickshire is due to be taken to Cabinet for approval by the end of 2023.</p> <p>Warwickshire Pension Fund has completed the 2022 valuation with a positive data quality assessment, and the Funding Strategy Statement has been updated. The Pension Fund has a Climate Risk Investment Strategy in place, and the Council's own Investment Strategy for non-treasury investments includes a dedicated ethical investing policy.</p> <p>Warwickshire Property &amp; Development Group (WPDG) is now trading with the Joint Venture, Develop Warwickshire, having been successfully created. Both WPDG and Develop Warwickshire will play an important role in shaping Warwickshire as a place to invest, live and thrive.</p> <p>The Warwickshire Recovery and Investment Fund (WRIF) is now in full operation with the relevant capacity and contracts in place for the services and expertise required to manage the Fund. The Fund is managed by an Investment Panel.</p> <p>Both the WPDG and WRIF have dedicated oversight from a Member Oversight Group.</p>
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**Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

Compliance Overview	<p>The key arrangements for managing performance and delivery, to inform interventions, continued to operate throughout the year.</p>
	<p>Arrangements are in place to report critical management information on the key aspects of delivery of the Council Plan, including finance (monthly), risk and performance (quarterly) to Corporate Board and quarterly to Cabinet and Overview &amp; Scrutiny Committees. Staffing vacancies have impacted on the frequency of risk reporting to Corporate Board in recent months however, the Risk and Assurance Manager post has been in place since April 2023 and reporting is expected to be back to plan in 2023/24. At the end of the year Assistant Directors signed off statements providing assurance that they have been managing risks in their service areas.</p> <p>Our Performance Framework supports the delivery of the Council Plan, and includes mechanisms to assess progress, inform actions and interventions to achieve intended outcomes. The Programme Management Office, monitor and scrutinise project delivery against plans and highlight actions needed to manage escalated risks and deliver project objectives. Performance reporting flows through the executive structure and through Directorate Leadership Teams in the normal course of business.</p>

	<p>We have introduced an Integrated Delivery Plan to track delivery against the Council Plan on a quarterly basis alongside information on risk and performance. Increased emphasis is being placed on benefit identification and realisation. This is reported quarterly to Corporate Board, Overview and Scrutiny Committees, and ultimately to Cabinet.</p> <p>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 Coventry, Solihull and Warwickshire (CSW) Resilience Team, linking with the Warwickshire Local Resilience Forum to actively manage Civil Contingency requirements and responses. <a href="https://cswprepared.org.uk/">https://cswprepared.org.uk/</a></p> <p>Delivery of Council Plan outcomes is achieved through business plans, strategies and programmes/projects. This is supported by business insight, commissioning, performance, and corporate policy functions. The appraisal system links Council objectives to individuals' personal objectives and personal development plans.</p>
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<b>Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it</b>	
Compliance Overview	<p>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 &amp; commissioning network meetings.</p>
	<p>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.</p> <p>Our People Strategy ensures our workforce can deliver the Council Plan and that they remain aligned with our vision and behaviours. Direction continued to be determined by Corporate Board with progress being overseen by the Assistant Directors with responsibility for HROD functions alongside Corporate Board and the Staff and Pensions Committee. The Staff and Pensions Committee provides overall oversight of the development of our people and approves the Our People Strategy and Annual Delivery Plan. Our Agile Working Principles set out how employees can work as efficiently and productively as possible, whilst maintaining a priority focus on service needs.</p> <p>The Our People Strategy recognises that the Council's people are its primary asset to enable the delivery of exceptional services to Warwickshire's 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.</p>

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. The appraisal process is aligned to the Council's Behaviours Framework and our recruitment process for senior managers applies a behavioural assessment process, which includes leadership capability and identifies personal development areas.

We have a Senior Leadership Forum (SLF) of our top three management tiers primarily for leadership and strategic organisational matters. The SLF has continued to meet regularly and effectively both in person and online as 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 people remains a top priority and as well as ensuring we engage with employees as stakeholders, we have focused on building a resilient and high performing workforce:

- maintaining wellbeing and HR policy information on dedicated intranet sites (Keeping You Well and Working, Working4Warwickshire) with links to active internal and external support networks, resources and employee wellbeing check in surveys; and actions arising from those surveys; and
- regular live broadcast to our people from Corporate Board and Strategic Directors, which help to communicate key well-being messages, updates and provision of Questions & Answers.

We have continued our approach from last year to listening to the voice of our people, through our YourSay engagement survey. We have also achieved 'silver' in the 'thrive at work' accreditation. The priority focus has been on wellbeing and workload. A series of questions within the survey have given us an overall wellbeing score of 78% and has set a high benchmark for future years. In terms of workload, we have measured this throughout the year with an in-year increase from 62% to 64% of people feeling that their workload is manageable. Workload will remain a focus going forward. Sickness absence rates have remained relatively stable across the year however, we have seen a slight increase in our days per full time equivalent relating to stress and mental health absence and addressing this will form part of our wellbeing offer during 2023/2024.

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.

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. A portfolio of training materials is available to all employees via the Council's intranet.

**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 throughout the year for the Council and for Warwickshire Pension Fund.

The Council adopted a new Strategic Risk Management Framework in April 2021 and continues 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 Elected Members and Corporate Board to enable the delivery of the outcomes and objectives set out in the Council Plan and achieving a balance between robustness of financial management and achieving the Council's ambitions.

The Council's budget is set as part of a five-year Medium Term Financial Strategy, which is reviewed annually to ensure we remain prudent, robust and ambitious, whilst being flexible and responsive to emerging situations. The Council's strong financial management includes a range of activities and controls including policies and procedures relating to financial management (financial planning, budgetary control and accounting), procurement, contracting and investment.

Cabinet approved the Procurement and Contract Management Strategy in November 2022. The Strategy has been shared with relevant colleagues to seek feedback in advance of the roll out of training, which is planned for delivery in 2023/24. Nationally, new Procurement legislation is expected to come into force in autumn 2024. Corporate Board has considered a paper on the possible implications of the new Procurement legislation for the Council.

Risk management is an integral part of good corporate governance and management and is therefore at the heart of what we do. Our approach to managing risk is explained in the Strategic Risk Management Framework. The Framework has been implemented through the development of a strategic risk register. Service level risks have also been identified and assessed resulting in the development of service level risk registers. Service areas have reviewed and updated risk throughout the year however, work is required to embed this consistently across the Council.

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 evaluate 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.

For programmes and projects new governance arrangements have been agreed in 2022/23, these are being consolidated through 2023/24. These changes were in train before the Local Government Association Peer Review of March 2022 and reflect the recommendations of that review. Programmes and projects owned within the Directorates will report and provide assurance through the Directorate Leadership Teams. Each Strategic Director is responsible for updating Corporate Board by exception on delivery, risks and issues. The Council has developed two key cross-cutting theme boards, Sustainable Futures and Levelling Up, which report directly to Corporate Board. The Programmes and Projects supported by officers from the Portfolio Management Office (PMO), are delivered using the PMO standards and processes with governance following the new arrangements i.e. into the respective Directorate Leadership Team and Strategic Director.

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 as well as whistleblowing policies and procedures. Internal Audit provide advice to service areas and change projects to help 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>. There is regular reporting on audit assurance outcomes to Audit & Standards Committee.

All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments (EQA), or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the Internal Audit Service's own self-assessment at least once in a five-year period.

In February 2023, an independent review was performed by a representative of CIPFA to determine how Internal Audit has applied the Public Sector Internal Audit Standards PSIAS (revised 2016 and 2017) and CIPFA Local Government Application Note (LGAN) in practice. The review confirmed compliance with all requirements and there were no areas of partial or non-compliance. The audit opinion stated, "It is our opinion that the self-assessment for the Warwickshire County Council's Internal Audit Service is accurate, and we therefore conclude that the *Internal Audit Service generally conforms to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.*"



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;
- risk management arrangements; and
- external sources of assurance including external audit opinions, statutory inspections, third party reviews 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/>

### 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>

Corporate Board, supported by Directorate Leadership Teams, takes 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 Council is managed effectively, including the delivery of key aspects of our change programmes.



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. In line with good practice, 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 Holder decisions, are considered by legal and finance colleagues who 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.

The Council has been subject to two Ofsted inspections in the year:

Warwickshire Adult and Community Learning Service was subject to a Short Inspection in October 2022 and the outcome is '*Warwickshire County Council continues to be a Good provider*'. Ofsted set out two improvement areas:

i. that all learners benefit from high-quality impartial careers advice and guidance; and ii. the timeliness of the information received on the progression and destinations of learners to determine effectiveness of the curriculum.

Warwickshire County Council Children's Services arrangements for care-experienced young people was subject to a Focused Visit in March 2023 with the report published in May 2023. Since the last inspection in November 2021, when Children's Services were judged to be good overall, there has continued to be an effective focus on improving services for care-experienced young people by senior leaders, elected members, and partner agencies. Two improvement areas were noted: i. timeliness with which personal advisers are allocated; and ii. the effectiveness of management oversight of work with young people in custody and those living in unsuitable accommodation.

## 4 Review of effectiveness and improvements to governance arrangements

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)*

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 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) and Internal Audit. In carrying out its review, the evaluation panel:

- considered the approach of the Council to establishing its principal statutory obligations and organisational objectives;
- considered the approach of the Council to identifying principal risks to the achievement of those obligations and objectives;
- identified the key control frameworks that the Council 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 Governance Action Plan (Appendix 1); and
- evaluated the assurances provided and identified any gaps.

In addition, Assistant Directors (AD) have confirmed that they have complied with the risk management framework throughout the year and each AD has provided an assurance statement 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 2023 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. This report concludes that the Council's control environment provides substantial assurance that the significant risks facing the Authority are addressed. The Audit and Standards Committee also considers in greater detail areas where limited assurance opinions have been provided. The internal audit findings, including those with a limited assurance opinion, were duly considered in the preparation of the annual assurance opinion and this statement.

**The Governance Improvement 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 other governance improvements in each of the principles above.

## 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.

Warwickshire County Council has three strategic priorities to make Warwickshire the best it can be, sustainable now and for future generations. The most significant strategic risks that have existed during 2022/23 are presented against the three strategic priorities along with highlights of the action that is being taken to help reduce risk levels. It is worth noting that a number of global issues, including macro economic factors, inflationary pressures and international conflict, continue to influence the Council's view of risk.

The Council Plan 2022-2027 has been in place throughout the year along with the Integrated Delivery Plan, which sets out the ambitions and priorities of the Council and how those will be achieved. Monitoring of the delivery takes place on a consistent and quarterly basis and reports are prepared and presented to the respective leadership team, Corporate Board and relevant committees. Furthermore, towards the end of 2022/23 the Council has implemented a quarterly stocktake process to consider any the Council's delivery across its portfolio, its performance and any emerging issues, risks or cross-cutting themes.

The

Strategic Risk Ref.	Strategic Risk Description	Activity
<b>Strategic Priority 1, A county with a thriving economy and places with the right jobs, skills, and infrastructure (Economy &amp; Places)</b>		
1	Risk of a slow or stalling economic growth	Through the delivery of plans, the Council continues to support the economy of Warwickshire. Building on the pandemic recovery work, the business support programme continues to assist in addressing specific barriers to business growth and this includes support for tech-based and other innovation-led businesses, pre and new business starts. Businesses are being supported to access loan funding via the Warwickshire Recovery & Investment Fund to facilitate growth. Tourism is a key focus, and a Draft Sector Growth Plan has been developed for consultation with partners.

Strategic Risk Ref.	Strategic Risk Description	Activity
5	Risk of Post Pandemic widening of social, health and economic inequalities and inability to catch up, resulting in worsening outcomes for our communities	The Council has developed, commissioned and/or is delivering a range of skills-based programmes and initiatives to help maintain and build the talents of Warwickshire’s population. Engagement with local businesses, partners and stakeholders has taken place to refresh the Council’s Careers Strategy to help address the post pandemic recruitment challenges. Work has taken place to understand demographics, via the State of Warwickshire Report, and also the future skills need, to assist in planning for and to ensure sustainable employment. Activity includes offering the Warwickshire Apprenticeship Support Programme to the County’s employers and the sharing of Apprenticeship Levy funding to increase take up and achievement. For the first time since the programme launched in 2018, the Small Business Apprenticeship Levy has utilised all available funding. Exploration of wider sharing is taking place. Introduction of the Apprenticeship Progression Programme has supported employers to progress their apprentices, increasing retention rates.
14	Risk of continued uncertainty about key external influences on local government and factors such as Government policies and economic outlook that inform longer term plans.	<p>The Council, its officers and members, are engaged in a wider range of national networks. These are based in professional and service boundaries for example Directors of Environment, Economy, Planning &amp; Transport (ADEPT) and Association of Directors of Adult Social Care (ADASS). Engagement takes place with more general bodies such as the Local Government Association, County Council Network and Society of County Treasurers who will also have their own thematic groups. These relationships are managed by senior officers and Elected Members, with key messages being shared with Cabinet and Corporate Board as required.</p> <p>The Council’s Corporate Policy Team also undertakes a regular external policy and foresight scan with regular updates and a fortnightly ‘Policy Bites’ newsletter. The foresight work also informs the newly established quarterly stocktake exercise for Corporate Board.</p>
17	Risk of sustained inflationary pressures and cost of living increases	The Council has had to make difficult decisions and choices in developing its financial proposals and will continue to operate with a rolling five-year Medium Term Financial Strategy and this demonstrates that Council finances are allocated in accordance with the priorities of the organisation. The underpinning finances remain robust and service delivery is sustainable for the benefit of the residents and businesses of Warwickshire. We do, however, acknowledge that we are operating in an environment of increased uncertainty as the demand for services increases and inflationary pressures mount.

Strategic Risk Ref.	Strategic Risk Description	Activity
		<p>The Council has not taken decisions to address the short-term challenges that undermine financial sustainability over the medium-term or leave financial ‘gaps’ to be closed in future years. Instead, the Council has acknowledged that plans, whilst remaining robust and ambitious also need to be flexible to handle the most plausible scenarios, whilst recognising it is impossible to guarantee this in such a complex and volatile environment. An example of this includes where cost confidence in education capital schemes is low appropriate contingency figures are included in the cost estimates to account for this. Inclusion of contingency figures are expected to mitigate most cost increases experienced as projects progress and costs become more certain. An internal process is currently being devised to strengthen governance regarding contingency funding to ensure appropriate use. This will include enhanced officer oversight and scrutiny of requests to utilise project contingency funding. Associated Council reporting has taken place. Additionally, the capital programme is to be re-considered and re-scoped.</p>
<p><b>Strategic Priority 2, A place where people can live their best lives, where communities and individuals are supported to live safely, healthily, happily, and independently (People &amp; Communities)</b></p>		
13	<p>Risk of insufficient resources to match the increasing demand for <b>SEND</b> provision and support and to deliver the post Ofsted Written Statement of Action.</p>	<p>The Council has made a commitment to deliver its Special Educational Needs and Disabilities Inclusion Change Programme and Written Statement of Action to address the recommendations of the Ofsted and Care Quality Commission inspection. Public consultation has taken place along with the use of online surveys and face to face events to raise public awareness and seek views. A review of the SEND information held online is also being considered to ensure it is accurate and fit for use. School employees are being offered free training and take up has been strong leading to training materials now being uploaded to the schools hub web page for ease of access. Whilst the Council is taking steps to manage the risk, work continues to meet our targets and reduce risk levels.</p>
<p><b>Strategic Priority 3, A place with sustainable futures, which means adapting to and mitigating climate change and meeting net zero commitments (Sustainability)</b></p>		
18	<p>Risk of not achieving net zero by 2050, biodiversity and</p>	<p>A draft Sustainable Futures Strategy and Action Plan was endorsed by Cabinet in October 2022. That endorsement included proceeding with extensive public engagement carried out between November 2022 and February 2023 to inform further development of the plan. The plan is designed around six themes of climate</p>

Strategic Risk Ref.	Strategic Risk Description	Activity
	climate adaptation targets.	change action. For each theme there is a carbon reduction trajectory to achieve net zero targets, an analysis of carbon emissions, action already taken to reduce those emissions and future actions needed. Over the summer of 2023, the Strategy and Action Plan will undergo further engagement and review of future actions in partnership with other sectors and stakeholders before final versions are presented to Cabinet for approval in the autumn of 2023.

### Risks identified by the Independent Inquiry into Child Sexual Abuse

The *Independent Inquiry into Child Sexual Abuse (IICSA)* published its final Report in October 2022. The report makes a number of powerful recommendations, based on separate investigations. We note the full findings and will not be complacent in our work and our awareness raising. We continue to work with partner agencies to embed the recommendations to continually improve our practices. Our ongoing campaign "Something's not Right" continues to highlight awareness and support, together with new interactive theatre programmes in education settings, to prevent and protect children and young people.

### Recruitment and Retention

As with many organisations, we continue to experience some challenges in recruitment and retention, particularly in light of the volatile global and national landscape. Through the Our People Strategy, we continue to develop ways to address this, and throughout 2022/2023, we saw a stabilisation of our turnover rates, with an overall minimal decrease at year end bringing us below 13% and within target of 15%. We also saw a marginal upturn on our engagement rates, essentially maintaining already very high scores.

We continue to review our approaches to ensure that we are able to recruit and retain the best talent.

### In-Year Schools Admissions

Over the summer of 2022, there were problems with the in-year schools admissions process, which created challenges for pupils, parents, carers and schools at the start of the September term, which were quickly addressed. A review was commissioned by the Chief Executive to understand the causes of these issues. The review report was presented to Resources and Fire Overview and Scrutiny Committee in February, and its recommendations have informed an ongoing improvement programme.

## **Financial Sustainability**

Towards the end of 2022-23, the longer-term effects of the inflationary pressures and the post pandemic economic position, coupled with significantly increasing demand for services, e.g. special educational needs, home to school transport and social care for children and older people started to impact on our financial position. The MTFS refresh and in-year activity are establishing both short- and long-term mitigations that are being actively monitored and reported upon.

## **School Place Provision**

Current housing growth trajectories across the County are expected to increase the long-term demand for school places as new families move into the County. This is the biggest challenge in ensuring sufficiency of school places faced by the Council. Developer contributions will continue to be sought to provide the new provision needed as a result of housing growth. However, the need to forward fund education infrastructure to meet increased demand together with competing demands to use Basic Need capital resources for education provision such as Early Years sufficiency, SEND provision, maintaining the condition of the school estate and the inflationary increase in the costs of construction will put significant pressure on the funding available to provide sufficient school places. Any funding gap which cannot be met by future developer contributions will require additional borrowing or less funding being available to investment in meeting the Council's other investment priorities.

## 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 Governance Action Plan at Appendix 1. We are satisfied that the risks we have identified are addressed in our Council Plan, Integrated Delivery 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

A handwritten signature in black ink, appearing to read 'Izzi Seccombe'.



Monica Fogarty  
Chief Executive/Head of Paid Service

A handwritten signature in black ink, appearing to read 'M. Fogarty'.



## Appendix 1 – Governance Improvement Action Plans

Table 1: Governance Improvement Actions 2022/23	Action Owner	By when?	Review of Activity
<p><b>HMICFRS Action Plan</b> – the actions from the Action Plan have been transferred into delivery and team plans following (His Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services) 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.</p>	Chief Fire Officer	March 2023	Warwickshire Fire and Rescue Service has responded positively to the HMICFRS Inspection findings. An action plan was produced, and significant progress has been made in delivering improvements. The Prevention Cause of Concern has been discharged by HMICFRS. HMICFRS have also made comment that progress is being made across the areas for improvement. A follow up HMICFRS inspection commenced in Spring 2023, and the report was published in September 2023 and reported to Cabinet in November 2023.
<p><b>Joint local area SEND inspection in Warwickshire</b> - Her Majesty's Chief Inspector of Schools determined that a Written Statement of Action was required because of certain significant areas of weakness identified. Her Majesty's Chief Inspector also determined that the local authority and the area's Clinical Commissioning Group were responsible for submitting the Written Statement to Ofsted. Our response was submitted on 24<sup>th</sup> December 2021 on behalf of the Strategic Director (People).</p>	Strategic Executive Director People	December 2022	The Council has made a commitment to deliver its Special Educational Needs and Disabilities Inclusion Change Programme and Written Statement of Action to address the recommendations of the Ofsted and Care Quality Commission inspection. Activity is ongoing into 2023/24 to take forward actions.
<p>Review of the Code of Corporate Governance against the new Council Plan</p>	<p>Strategy and Commissioning Manager Legal and Democratic Services /</p> <p>Assistant Director Governance and Policy</p>	December 2022	We continue to keep our Code of Governance under review as against the Council Plan and Integrated Delivery Plan to ensure that the approaches reflect the needs of the updated projects and activities within the Plan. This is an iterative process as the actions and requirements of the Plans evolve.

Table 1: Governance Improvement Actions 2022/23	Action Owner	By when?	Review of Activity
Undertake a governance health check using the Centre for Governance & Scrutiny Governance, Risk and Resilience Framework (the Framework).	Strategy and Commissioning Manager Legal and Democratic Services  Team Lead Senior Solicitor	December 2022	This work was completed throughout autumn and winter 2022, including delivery of a series of workshops utilising the Framework published by the Centre for Governance and Scrutiny (CfGS). The results have been reported to Corporate Board in February 2023 and actions are being implemented.
Undertake a review of our officer delegations to ensure they are up to date following organisational changes	Strategy and Commissioning Manager Legal and Democratic Services	December 2022	Delegations have been reviewed and have been approved by Council in September 2022. We continue to keep constitutional governance arrangements, including delegations, under review and will recommend amendments where necessary.
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.	Assistant Director Enabling Services  Assistant Director Governance and Policy  Assistant Director Finance (Deputy Section 151 Officer)	September 2022	<p>The Capital Financial Management Project has undertaken a comprehensive review of how capital projects are managed in Warwickshire. Several changes designed to provide greater rigour to the capital process improved ownership and increased visibility were identified for implementation.</p> <p>We have refreshed our governance arrangements supporting our Target Operating Model which puts the Council's Strategic Objectives at the core of all we deliver, approved by Corporate Board. As part of this we have created a new governance forum, the Capital Strategy Group, which has responsibility for ensuring this new model is embedded across the organisation.</p> <p>The project will deliver a revamped capital training offer and will relaunch the Intranet pages with updated information and easy to access guides.</p> <p>We have also as part of the refresh introduced a quarterly stocktake process for Corporate Board to consider wider</p>

Table 1: Governance Improvement Actions 2022/23	Action Owner	By when?	Review of Activity
			<p>strategic issues, including emerging national issues and policy developments.</p> <p>We have completed the governance health check (referred to above) using the Centre for Governance &amp; Scrutiny Governance, Risk and Resilience Framework</p>
<p>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.</p>	<p>Assistant Director Governance and Policy</p>	<p>March 2023</p>	<p>The outcome of the peer review, including emerging themes for inclusion in the action plan, was considered by Cabinet in June 2022. An action plan was subsequently developed with progress against the action plan being presented to the peer assessors on their revisit in November 2022.</p>
<p>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.</p>	<p>Assistant Director Commissioning Support Unit</p>	<p>September 2022</p>	<p>A draft strategy with a trajectory for carbon emission reductions to be net zero across Warwickshire was agreed at Cabinet in October 2022. A large scale engagement campaign has been conducted with a range of stakeholders and further targeted sessions will follow through the period to August 2023 to facilitate co-creation of the strategy and action plan. The final strategy and action plan for Warwickshire are expected to go to Cabinet by the end of 2023.</p>

Table 2: Governance Improvement Actions for 2023/24	Action Owner	By when?
Governance Team (Legal Services), to collaboratively work with colleagues across the Council to consider and implement actions, endorsed by Corporate Board, arising from the governance stocktake against the Framework.	Director of Strategy, Planning & Governance	January/ March 2024
The Pension Fund will respond to the Scheme Advisory Board's Good Governance Review and the Pension Regulator's Single Code of Practice as the requirements are issued.	Head of Investments, Audit, Insurance & Risk	March 2024
Targeted consideration of aspects of the Constitution and the Codes of Conduct is being undertaken and we anticipate recommendations will be presented to Council by the end of 2023.	Head of Legal and Governance	December 2023
Response to the new Procurement legislation (expected autumn 2024) to be implemented across the Council including strengthening of procurement practice as appropriate.	Director of Strategy, Planning & Governance  Director of Finance	Autumn 2024
An improvement plan for School Admissions processes and practices is being produced by Education Services for delivery by April 2024.	Head of Access to Education	April 2024
Review and refresh the Strategic Risk Management Framework.	Head of Investments, Audit, Insurance & Risk	December 2023
Reviewing the end to end approach to education capital programme procurement	Head of Property Services	Autumn 2024

Warwickshire Pension Fund  
Statement of Accounts  
2022/23



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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.

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

## Opinion on financial statements

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 2023, which comprise the 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 2022/23.

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 2023 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 2022/23; 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 Executive 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 Executive 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 2022/23 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 2022) 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.

In auditing the financial statements, we have concluded that the Executive Director for Resources use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

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.

Our responsibilities and the responsibilities of the Executive Director for Resources with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's financial statements. The Executive Director for Resources is responsible for the other

information. 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.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinion on other matters 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, 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 and the Executive Director for Resources**

As explained more fully in the Statement of Responsibilities for the statement of accounts, set out on 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 Executive Director for Resources. The Executive 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 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive 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 Executive 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 they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

## **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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. 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 (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, 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 management 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 management, 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 management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls and any other fraud risks identified for the audit. We determined that the principal risks were in relation to large and unusual journals posted and any potential management bias in accounting estimates. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, 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.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **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 44 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 S Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

Date: 26 January 2024

## 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 Executive Director for Resources (Section 151 Officer) is responsible for this;
- manage our affairs to use our resources efficiently and effectively and to protect our assets; and
- approve the statement of accounts.

### Responsibilities of the Executive Director for Resources

As the Executive 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 31 March 2023 and the income and expenditure for the year ended 31 March 2023. The unaudited draft accounts were authorised for issue on 25 July 2023. These were audited and approved at a meeting of the Council on 19<sup>th</sup> December 2023.



Rob Powell  
Executive Director for Resources

Date: 25th January 2024

## Warwickshire Pension Fund Account

2021/2022		2022/2023
£m	Notes	£m
	<b>Dealings with members, employers and others directly involved in the fund</b>	
(86.7)	Contributions 7	(93.1)
(16.9)	Transfers in from other schemes 8	(12.4)
(103.6)		(105.5)
88.9	Benefits payable 9	91.4
8.4	Payments to and on account of leavers 10	9.5
97.3		100.9
<b>(6.3)</b>	<b>Net (additions)/withdrawals from dealing with members</b>	<b>(4.7)</b>
<b>16.1</b>	Management expenses 11	<b>21.1</b>
<b>9.7</b>	<b>Net (additions)/withdrawals including fund management expenses</b>	<b>16.4</b>
	<b>Returns on investments</b>	
(21.5)	Investment income 13	(22.4)
(81.6)	Profit and losses on disposal of investments 23	(80.7)
(113.9)	Changes in the market value of investments 23	117.8
<b>(217.1)</b>	<b>Net return on investments</b>	<b>14.6</b>
<b>(207.4)</b>	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	<b>31.0</b>
<b>(2,574.1)</b>	<b>Opening net assets of the scheme</b>	<b>(2,781.5)</b>
<b>(2,781.5)</b>	<b>Closing net assets of the scheme</b>	<b>(2,750.5)</b>

## Net Assets Statement

2021/2022		2022/2023
£ m		Notes
		£m
1.2	Long-term Assets	15
2,722.1	Investment assets	15 / 16 / 17
35.1	Cash deposits	15 / 16 / 17
2,758.4	Total net investments	2,729.0
27.0	Current assets	29
(3.9)	Current liabilities	30
<b>2,781.5</b>	<b>Net assets of the fund available to fund benefits at the period end</b>	<b>2,750.5</b>

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



## Notes to the Warwickshire Pension Fund Accounts for the year ended 31 March 2023

### 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. Warwickshire 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 Executive 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 Local Pension Board comprises 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 Pensions Regulator in relation to the LGPS;

- 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 223 employer organisations with active members within Warwickshire Pension Fund including the County Council itself, as detailed below.

Warwickshire Pension Fund	31 March 2022	31 March 2023
Number of employers with active members	206	223
<b>Number of employees in scheme</b>		
County Council	8,290	8,494
Other employers	9,592	10,156
<b>Total</b>	<b>17,882</b>	<b>18,650</b>
<b>Number of pensioners</b>		
County Council	8,888	9,255
Other employers	7,189	7,666
<b>Total</b>	<b>16,077</b>	<b>16,921</b>
<b>Deferred pensioners</b>		
County Council	11,676	11,956
Other employers	8,694	9,418
<b>Total</b>	<b>20,370</b>	<b>21,374</b>
<b>Total</b>	<b>54,329</b>	<b>56,945</b>

**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 2023. Contributions are also made by employers which are set based on triennial actuarial funding valuations. The valuation relevant to the 2022/23 financial year was as at the 31 March 2019 and a revised schedule of employer contribution rates became effective for the three years from 1 April 2020. Employer contribution rates ranged 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
<b>Pension</b>	Each year worked is worth 1/80 x final pensionable salary	Each year worked is worth 1/60 x final pensionable salary
<b>Lump Sum</b>	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<sup>th</sup>. 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 2022/23 financial year and its position at year-end as at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022/23* 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.

### ***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 2022/23 are:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

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 2022/23 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*.

*i) Administrative expenses*

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

*ii) 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.

*iii) 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.

The Pension Fund's view is that the market value of investments in the Border to Coast Pensions Partnership at 31 March 2023 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.

**Contingent liabilities**

Contingent liabilities arise where an event prior to the year-end has created a possible financial obligation whose existence will only be confirmed by future events. These are not recognised in the net asset statement but are disclosed by way of narrative in the notes as summarised in note 33.

**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 31<sup>st</sup> March 2022. However, the 31 March 2019 triennial valuation was the one that applied to the 31 March 2023 accounting year end.

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 (AVC)**

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 and 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 accruals 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 (BCPP)***

The Fund's shareholding in the asset pool Border to Coast Pensions Partnership Ltd. has been valued at cost, as an appropriate estimate of fair value. The Class A share is valued at £1 and reflects the ownership stake in the company carrying full voting rights, dividend and capital distribution rights, whilst the Class B shares are valued at £1.2m and represent the Fund's contribution to the company's regulatory capital requirement.

Fair value cannot be otherwise established for these assets as there is currently no market for the shares and no identical or similar market to compare to.

After two of the pool's partner funds merged in 2020, the obligation to meet the company's capital requirement were re-allocated between the remaining eleven partner funds. This serves as a precedent that in the event of a future exit from the partnership, the Fund's shares could be disposed of at cost back to the pool and re-issued to the remaining partners.

Border to Coast Pensions Partnership Ltd is intending to trade at a breakeven position (nominal profit or loss) with any values offset against partner funds' future costs. The company's own audited accounts show its shareholder funds to be equal to the regulatory capital invested.

The cost of these shares has therefore been determined as a reasonable and appropriate estimate of their fair value

### ***War in Ukraine***

We previously 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, the Fund does not make a distinction between state and non-state-owned assets.

The Warwickshire Pension Fund's current assessment of Russian/Belarusian holdings is that they make up approximately £380k or 0.01% 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 31 March 2023 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 considering 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 2023 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
<b>Actuarial present value of promised retirement benefits</b>	<p>Estimation of the net liability to pay pensions depends on several 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.</p>	<p>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 £50m, a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £6m, and a one-year increase in assumed life expectancy would increase the liability by approximately £103m.</p>
<b>Private equity, Infrastructure, Private Debt and Property</b>	<p>Private equity investments are valued at fair value in accordance with <i>International Private Equity and Venture Capital Valuation Guidelines 2012</i>. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. Other private markets (unlisted) assets are treated similarly.</p> <p>All underlying property valuations are carried out by independent valuation providers on a "Fair Value" basis as defined in the RICS Appraisal and Valuation Manual (Red Book). As buildings are inherently illiquid and the transactional evidence can be scarce there is the potential for a mismatch between the valuation and actual transaction pricing.</p>	<p>The total value of Level 3 investments stands at £611.4m. There is a risk that these investments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The custodian reports a tolerance of +/- 2% around the net asset values on which the valuation is based. This equates to a tolerance of +/- £12.2m.</p>

## 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 balance sheet date to the external audit opinion issuance date will be reflected in the statement of accounts. There are no significant events to report.

However, there was a first payment into a new Private Debt Fund (managed by Barings) made on 3<sup>rd</sup> April 2023 for £30m, which does not affect the figures at the balance sheet date.

There has been volatility in the markets since 31 March 2023. The total Fund Asset valuation as at 30<sup>th</sup> June 2023 having fallen by £50m due to net losses on investments since 31<sup>st</sup> March 2023.

## Note 7: Contributions receivable

### By category

2021/2022		2022/2023
£m		£m
20.0	Employees' contributions	21.9
	<b>Employer's contributions:</b>	
61.1	Normal contributions	65.5
5.6	Deficit Recovery contributions	5.7
<b>66.7</b>	<b>Total employer's contributions</b>	<b>71.2</b>
<b>86.7</b>	<b>Total</b>	<b>93.1</b>

### By authority

2021/2022		2022/2023
£m		£m
43.8	Administering authority	47.9
41.4	Scheduled bodies	43.7
1.5	Admitted bodies	1.6
0.0	Bodies no longer contributing	0.0
<b>86.7</b>	<b>Total</b>	<b>93.1</b>

## Note 8: Transfers in from other pension funds

2021/2022		2022/2023
£m		£m
0.0	Group transfers	0.0
16.9	Individual transfers	12.4
<b>16.9</b>		<b>12.4</b>

## Note 9: Benefits payable

### By category

2021/2022		2022/2023
£m		£m
70.5	Pensions	74.3
16.0	Commutation and lump sum retirement benefits	14.6
2.4	Lump sum death benefits	2.5
<b>88.9</b>		<b>91.4</b>

### By authority

2021/2022		2022/2023
£m		£m
46.8	Administering authority	49.0
36.7	Scheduled bodies	38.1
4.4	Admitted bodies	4.3
0.9	Bodies no longer contributing	0.0
<b>88.9</b>		<b>91.4</b>

## Note 10: Payments to and on account of leavers

2021/2022		2022/2023
£m		£m
0.4	Refunds	0.3
0.0	Group transfers	0.0
8.0	Individual transfers	9.2
<b>8.4</b>		<b>9.5</b>

## Note 11: Management expenses

2021/2022		2022/2023
£m		£m
1.9	Administration costs	2.4
12.9	Investment management expenses	16.8
1.3	Oversight and governance costs	1.8
<b>16.1</b>	<b>Total</b>	<b>21.0</b>

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

21/22 Total		Management Fees	Performance Fees	22/23 Total
£m		£m	£m	£m
3.2	Pooled Investments	3.1	0.0	3.1
1.9	Pooled Property	1.7	0.0	1.7
3.3	Private Equity	4.4	0.3	4.8
3.2	Infrastructure	3.4	1.5	4.9
1.3	Private Debt	1.8	0.4	2.2
0.1	Custody Fees	0.1	0.0	0.1
<b>12.9</b>	<b>Total</b>	<b>14.6</b>	<b>2.2</b>	<b>16.8</b>

## Note 13: Investment income

2021/2022		2022/2023
£m		£m
0.1	<i>Equity dividends</i>	0.1
5.2	Pooled Property	5.1
3.0	Infrastructure	4.6
1.9	Pooled Equity	1.9
0.9	Private Debt	1.5
9.4	Pooled Fixed Income	6.4
1.2	Private Equity	2.4
21.6	<i>Managed funds</i>	21.9
0.0	<i>Interest on cash deposits</i>	0.7
0.0	<i>Stock lending</i>	0.0
<b>21.6</b>		<b>22.6</b>

## Note 14: Other fund account disclosures: external audit costs

The external audit fee for 2022/23 was £32,810 excluding VAT. The fee for 2021/22 was £31,060. Audit related services fees in respect of IAS19 assurance for 2022/23 are £14,800 (2021/22: £8,000).

## Note 15: Investments

2021/2022		2022/2023
£m		£m
1.2	<b>Long-term investments</b> Equities	1.2
	<b>Total Long-term investments</b>	<b>1.2</b>
	<b>Investment Assets</b>	
2,716.8	Pooled Funds***	2,657.2
971.0	<i>Pooled Global Equity</i>	931.4
442.4	<i>Pooled UK Equity</i>	416.2
140.4	<i>Infrastructure</i>	189.8
83.0	<i>Private Debt</i>	104.2
197.3	<i>Private Equity</i>	203.7
273.4	<i>Pooled Property</i>	239.6
609.2	<i>Pooled Fixed Income</i>	572.3
35.1	Cash	65.2
5.4	Investment Current Assets	5.3
<b>2,757.2</b>	<b>Total Investment Assets</b>	<b>2,727.8</b>
	<b>Investment Liabilities</b>	
0.0	Investment current liabilities	0.0
<b>0.0</b>	<b>Total Investment Liabilities</b>	<b>0.0</b>
<b>2,758.4</b>	<b>Total net investments</b>	<b>2,729.0</b>

\*\*\* 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 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2023
	£m	£m	£m	£m	£m
<b>Investment Assets</b>					
Equities	1.2	0.0	0.0	0.0	1.2
Pooled Investments	2,716.8	255.3	-271.0	-43.8	2,657.3
• <i>Private Equity</i>	197.3	40.9	-42.6	8.1	203.7
• <i>Pooled Property</i>	273.4	7.7	-5.9	-35.5	239.6
• <i>Pooled funds (ex Property)</i>	2,022.6	40.1	-103.3	-39.7	1,919.7
• <i>Infrastructure</i>	140.4	113.4	-87.0	23.0	189.8
• <i>Private Debt</i>	83.0	53.2	-32.1	0.4	104.4
<b>Other Investment Balances</b>					
Cash	35.1	136.2	-106.1	0.0	65.2
Net investment current assets	5.4	0.0	0.0	-0.1	5.3
<b>Total Net Investments</b>	<b>2,758.4</b>	<b>391.5</b>	<b>-377.1</b>	<b>-43.8</b>	<b>2,729.0</b>

	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
<b>Investment Assets</b>					
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
• <i>Private Equity</i>	175.0	25.3	-47.1	44.1	197.3
• <i>Pooled Property</i>	221.5	19.3	-13.6	46.1	273.4
• <i>Pooled funds, Unit Trusts &amp; Other Managed Funds</i>	1,943.0	572.5	-578.1	85.2	2,022.6
• <i>Infrastructure</i>	72.3	65.0	-8.7	11.9	140.4
• <i>Private Debt</i>	84.5	20.3	-24.8	3.0	83.0
<b>Other Investment Balances</b>					
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
<b>Net Investment Assets</b>	<b>2,552.1</b>	<b>791.8</b>	<b>-775.6</b>	<b>190.1</b>	<b>2,758.4</b>

## Note 17: Derivatives

The Fund does not engage in any direct derivative activity however fund managers may make use of.

## Note 18: Investments analysed by fund manager

Market value 31 March 2022			Market value 31 March 2023	
£m	%		£m	%
<b>Investments managed by BCPP asset pool</b>				
14.8	0.5	Private Equity	25.1	0.9
61.1	2.2	Infrastructure	102.4	3.8
17.8	0.6	Private Debt	40.3	1.5
378.0	13.7	Global Equity Alpha Fund	392.1	14.4
295.7	10.7	UK Equity Alpha Fund	295.4	10.8
171.7	6.2	Investment Grade Credit	186.0	6.8
250.8	9.1	Multi-Asset Credit	240.9	8.8
0.0	0.0	Legal and General Investment Management (Index Tracker - Global Equities)*	665.2	24.4
0.0	0.0	Legal and General Investment Management (Index Tracker - Fixed Income)*	145.4	5.3
<b>1,189.8</b>	<b>43.1</b>	<b>Total BCPP</b>	<b>2,092.9</b>	<b>76.7</b>
<b>Investments managed outside of BCPP asset pool</b>				
0.6	0.0	MFS Investment Management (Global Equities)	0.2	0.0
740.0	26.8	Legal and General Investment Management (Index Tracker - Global Equities)*	0.0	0.0
186.9	6.8	Legal and General Investment Management (Index Tracker - Fixed Income)*	0.0	0.0
145.8	5.3	Columbia Threadneedle Investments (Property)	127.0	4.7
132.3	4.8	Schroder Investment Management (Property)	120.0	4.4
182.5	6.6	HarbourVest (Private Equity)	178.5	6.5
23.8	0.9	Standard Life Capital (Infrastructure)	27.4	1.0
55.6	2.0	Partners Group (Infrastructure)	59.9	2.2
39.1	1.4	Alcentra (Private Debt)	42.1	1.5
25.9	0.9	Partners (Private Debt)	21.8	0.8
35.0	1.3	BlackRock (Cash)	57.9	2.1
1.2	0.0	BCPP Shareholding	1.2	0.0
<b>1,568.6</b>	<b>56.9</b>	<b>Total Outside BCPP</b>	<b>636.1</b>	<b>23.3</b>
<b>2,758.4</b>	<b>100.0</b>		<b>2,729.0</b>	<b>100.0</b>

\* LGIM assets have been reclassified as under pooled management due to the LGPS contract and BCPP oversight of funds

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

Security	Market value 31 March 2023	% of total fund as at 31.03.23
	£m	%
Border to Coast Global Equity Alpha Fund	386.9	14.2
Border to Coast UK Equity Alpha Fund	295.4	10.8
L&G Fundamental Indexation	245.3	9.0
Border to Coast Multi-Asset Credit	240.9	8.8
Border to Coast Investment Grade Credit	186.0	6.8
HarbourVest (Private Equity funds)	178.5	6.5
LGIM EUR (EX UK) Equity Index	163.2	6.0
LGIM Bond funds	145.3	5.3

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

## 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 2022 (£m)				31 March 2023 (£m)		
			<b>Investment Assets</b>			
0.0			Index linked bonds	0.0		
1.2			Equities	1.2		
2,716.8			<i>Pooled Investments</i>	2,657.2		
971.0			Global Equity	931.4		
442.4			UK Equity	416.2		
140.4			Infrastructure	189.8		
83.0			Private Debt	104.2		
197.3			Private Equity	203.7		
273.4			Pooled Property	239.6		
609.2			Fixed Income	572.3		
	35.1		Cash deposits		65.2	
	5.4		Investment Current Assets		5.3	
	9.2		Debtors		7.9	
	17.8		Cash balances		18.5	
<b>2,717.9</b>	<b>67.5</b>	<b>0.0</b>		<b>2,658.4</b>	<b>97.0</b>	<b>0.0</b>
			<b>Liabilities</b>			
		0.0	Investment current liabilities			0.0
		-3.9	Creditors			-5.1
<b>0.0</b>	<b>0.0</b>	<b>-3.9</b>		<b>0.0</b>	<b>0.0</b>	<b>-5.1</b>
<b>2,717.9</b>	<b>67.5</b>	<b>-3.9</b>	<b>Net Assets</b>	<b>2,658.4</b>	<b>97.0</b>	<b>-5.1</b>

## Note 23: Net gains and losses on financial instruments

31 March 2022		31 March 2023
£m		£m
195.6	<b>Financial Assets</b> Fair value through profit and loss	0.0
0.0	<b>Financial liabilities</b> Fair value through profit and loss	-37.0
<b>195.6</b>	<b>Total</b>	<b>-37.0</b>

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 2023 because the main trading vehicle of Border to Coast Pensions Partnership only became licenced to trade in July 2018, no comparable market exists, its shares are not openly traded, and it is not for profit. Therefore, the reliability of any observable or unobservable inputs used to calculate fair value cannot 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.

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, pooled funds, and unit trusts.

**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. All underlying property valuations are carried out by independent valuation providers on a "Fair Value" basis as defined in the RICS Appraisal and Valuation Manual (Red Book). As buildings are inherently illiquid and the transactional evidence can be scarce there is the potential for a mismatch between the valuation and actual transaction pricing. The Fund has reviewed the classification of Property and has taken the decision to reclassify property managed by Schroders as Level 3. This is more consistent with the classification used by other Funds and will make the accounts more comparable.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (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
<b>Market quoted investments</b> Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
<b>Pooled investments – fixed income and equity unit trusts</b> Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price is published.	Net Asset Value (NAV) - based pricing set on a forward pricing basis	Not required
<b>Other unquoted and private funds (including indirect property, infrastructure, private debt, and private equity).</b> Level 3	<p>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.</p> <p>All underlying property valuations are carried out by independent valuation providers on a “Fair Value” basis as defined in the RICS Appraisal and Valuation Manual (Red Book).</p>	Earnings before interest, taxes, depreciation, and amortization (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.
<b>Shares in Border to Coast Pensions Partnership</b>	At cost	N/A	N/A

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 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities*	0.0	0.0	1.2	1.2
Pooled Investments	0.0	1,919.7	0.0	1,919.7
Infrastructure	0.0	0.0	189.8	189.8
Private Debt	0.0	0.0	104.2	104.2
Private Equity	0.0	0.0	203.7	203.7
Pooled Property (Note 1)	0.0	127.0	112.6	239.6
<i>Financial assets at fair value through profit and loss</i>	<i>0.0</i>	<i>2046.7</i>	<i>611.4</i>	<i>2,658.2</i>
<i>Financial liabilities at fair value through profit and loss</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Net financial assets</b>	<b>0.0</b>	<b>2046.7</b>	<b>611.4</b>	<b>2,658.2</b>

\*Equities which represent Border to Coast Pensions Partnership shareholding

Note 1: Level 2 property refers to the Threadneedle Fund and Level 3 property refers to the Schroders Fund.



	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Equities*	0.0	0.0	1.2	1.2
Pooled Investments	0.0	2,022.6	0.0	2,022.6
Infrastructure	0.0	0.0	140.4	140.4
Private Debt	0.0	0.0	83.0	83.0
Private Equity	0.0	0.0	197.3	197.3
Pooled Property	0.0	145.8	127.6	273.4
<i>Financial assets at fair value through profit and loss</i>	<i>0.0</i>	<i>2,168.4</i>	<i>548.3</i>	<i>2,717.9</i>
<i>Financial liabilities at fair value through profit and loss</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
<b>Net financial assets</b>	<b>0.0</b>	<b>2,168.4</b>	<b>548.3</b>	<b>2,717.9</b>

The following assets have been carried at cost:

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Investment in: Border to Coast Pensions Partnership	0.0	0.0	1.2	1.2
<b>Investments held at cost</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>	<b>1.2</b>

## Note 25: Reconciliation of fair value measurements within Level 3

	Market value 31 March 2022	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 2023
	£m	£m	£m	£m	£m	£m
Private Debt	83.0	53.2	-32.1	0.5	-0.1	104.5
Private Equity	197.3	40.9	-42.6	-16.8	24.9	203.7
Infrastructure	140.5	113.4	-87.0	13.5	9.4	189.8
Pooled Property*	127.6	7.7	-5.9	-17.8	1.0	112.6
<b>Total</b>	<b>548.4</b>	<b>215.1</b>	<b>-167.7</b>	<b>-20.5</b>	<b>35.2</b>	<b>610.5</b>

\*Reclassified Schroders Property Fund to Fair Value Level 3

## 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 2022/23 reporting period. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	2022/23 Potential market movement %
UK Pooled Funds	18
Overseas Pooled Funds	19
Bonds	7
Cash	0
Property	15
Alternatives	9

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.

Asset Type	Value as at 31 March 2023	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
UK Pooled Funds	417.4	75.1	492.5	342.3
Overseas Pooled Funds	931.4	177.0	1,108.4	754.4
Total Bonds	572.3	40.1	612.4	532.3
Cash	70.5	0.0	70.5	70.5
Infrastructure, Private Debt and Private Equity	497.7	44.8	542.5	452.9
Property	239.6	35.9	275.6	203.7
<b>Total</b>	<b>2,729.0</b>	<b>372.9</b>	<b>3,101.9</b>	<b>2,356.1</b>

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	1,153.6	788.5
Total Bonds	609.2	48.7	658.0	560.5
Cash	40.5	0.0	40.5	40.5
Infrastructure, Private Debt and Private Equity	420.7	33.7	454.4	387.1
Property	273.4	41.0	314.4	232.4
<b>Total</b>	<b>2,758.4</b>	<b>394.7</b>	<b>3,153.1</b>	<b>2,363.7</b>

### **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 2023	Value on 1% increase	Value on 1% decrease
	Years	£m	£m	£m
LGIM UK Corporate Bonds	5.8	50.0	47.1	52.9
LGIM UK Index Linked	16.8	95.3	79.3	111.3
BCPP Multi-Asset Credit	3.7	240.9	232.0	249.9
BCPP Investment Grade Credit	6.5	186.0	173.9	198.1
Cash balances	0.0	83.7	83.7	83.7
<b>Total</b>		<b>656.0</b>	<b>616.1</b>	<b>695.9</b>

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
<b>Total</b>		<b>662.1</b>	<b>607.3</b>	<b>716.8</b>

### **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 Border to Coast Pension Partnership (BCPP) pool:

	Value as at 31 March 2023	Volatility	Value on increase	Value on decrease
	£ m		£ m	£ m
<b>Overseas Pooled Funds</b>				
LGIM Fundamental Indexation	245.34	10.0%	269.87	220.80
LGIM Europe (ex-UK)	163.18	10.0%	179.50	146.86
LGIM Asia Pacific (ex-Japan)	44.51	10.0%	48.96	40.06
LGIM Emerging Markets	37.38	10.0%	41.12	33.64
LGIM Japan	35.42	10.0%	38.96	31.87
LGIM North America	18.72	10.0%	20.59	16.85
BCPP Global Equity	386.86	10.0%	425.55	348.18
<b>Total</b>	<b>931.4</b>	<b>10.0%</b>	<b>1,024.55</b>	<b>838.27</b>

	Value as at 31 March 2022	Volatility	Value on increase	Value on decrease
	£ m		£ m	£ m
<b>Overseas Pooled Funds</b>				
LGIM Fundamental Indexation	150.89	20%	181.07	120.71
LGIM Europe (ex-UK)	46.28	20%	55.54	37.03
LGIM Asia Pacific (ex-Japan)	39.05	20%	46.86	31.24
LGIM Emerging Markets	302.83	20%	363.40	242.27
LGIM Japan	34.73	20%	41.67	27.78
LGIM North America	19.20	20%	23.04	15.36
BCPP Global Equity	378.03	20%	453.64	302.43
<b>Total</b>	<b>971.0</b>	<b>20%</b>	<b>1,165.2</b>	<b>776.8</b>

### ***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. Most contributions from employers due to the Fund for March 2023 were received by the Fund in April 2023. 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% historic risk of default. As at 31st March 2023 the balance at Lloyds stood at £18.5m.

### ***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 2023 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 2022 and sets contribution rates for the three years commencing 1 April 2023. However, the contribution rates for the accounting year 2022/23 relied on the results of the Actuarial Valuation as of 31 March 2019.

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. At the 2022 actuarial valuation, the Fund was assessed as 104% funded. This corresponds to a surplus of £98m.

Contribution increases arising from the 2019 actuarial valuation 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
<b>Total contribution rate</b>	
Primary Rate (% of pay)	20.1%
2020/21 Secondary Rate £000	6,071
2021/22 Secondary Rate £000	6,251
2022/23 Secondary Rate £000	6,436

Following the 2022 actuarial valuation, contribution rate changes (primary and secondary) will be phased in from 1 April 2023.

Valuation Date	31-Mar-22
<b>Total contribution rate</b>	
Primary Rate (% of pay)	20.7%
2023/24 Secondary Rate £000	4,865
2024/25 Secondary Rate £000	4,688
2025/26 Secondary Rate £000	4,495

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 and 2022 actuarial valuation reports 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	31 March 2022
	%	%
Discount Rate	3.7	4.0
Salary Increases	3.1	3.7
Price Inflation/Pension Increases	2.3	2.7

**Demographic assumptions**

Assumed life expectancy from age 65 is as follows.

Demographic assumptions	31 March 2019		31 March 2022	
Assumed life expectancy at age 65	Male	Female	Male	Female
Pensioners	21.6	23.8	21.8	24.4
Non-pensioners	22.5	25.4	22.6	26.0

**Commutation assumptions**

At the 2019 valuation, it was 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. The equivalent assumption at the 2022 valuation was 65% for all service.

**50:50 Option**

The assumption in the 2019 and 2022 Actuarial Valuations was that 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 (see Note 27).

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 2022/23 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.

## **Present value of promised retirement benefits**

<b>Year ended</b>	<b>31 March 2022</b>	<b>31 March 2023</b>
Active members (£m)	1,790	1,157
Deferred members (£m)	840	514
Pensioners (£m)	1,095	903
<b>Total present value of promised retirement benefits (£m)</b>	<b>3,725</b>	<b>2,574</b>
<b>Fair value of scheme assets (bid value) (£m)</b>	<b>2,776</b>	<b>2,728</b>
<b>Net Asset / (Liability) (£m)</b>	<b>(949)</b>	<b>154</b>

The promised retirement benefits at 31 March 2023 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. 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 those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2023 and 31 March 2022. I estimate that the impact of the

change in financial assumptions to 31 March 2023 is to decrease the actuarial present value by £1,504m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £45m.

**Financial assumptions**

Year ended	31 March 2022 % p.a.	31 March 2023 % p.a.
Pension Increase Rate (CPI)	3.20	2.95
Salary Increase Rate	4.00	3.95
Discount Rate	2.70	4.75

**Demographic assumptions**

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% 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	21.5 years	24.2 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.2 years	25.8 years

All other demographic assumptions have been updated since 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 obligations are set out below:

Change in assumption at 31 March 2023	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2	50
1 year increase in member life expectancy	4	103
0.1% p.a. increase in the Salary Increase Rate	0	6
0.1% p.a. increase in the Pension Increase Rate (CPI)	2	45

**Professional notes**

This paper accompanies the 'Accounting Covering Report – 31 March 2023' which identifies the appropriate reliance's and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:

A handwritten signature in grey ink, appearing to read "Robert Bilton".

Robert Bilton FFA

26 May 2023

For and on behalf of Hymans Robertson LLP

### Note 29: Current assets

31 March 2022		31 March 2023
£m		£m
	<i>Debtors:</i>	
1.8	Contributions due: Employees	3.3
6.1	Contributions due: Employers	4.0
1.3	Invoiced debtors	0.6
0.1	Sundry debtors	0.1
17.8	Cash balances	18.5
<b>27.0</b>	<b>Total</b>	<b>26.4</b>

### Note 30: Current liabilities

31 March 2022		31 March 2023
£m		£m
1.8	Owed to administering authority	2.2
1.3	Sundry Creditors	1.9
0.7	Benefits Payable	1.0
<b>3.9</b>	<b>Total</b>	<b>5.1</b>

### Note 31: Additional Voluntary Contributions

Contributions Paid 2021/22	Market Value 31 March 2022		Contributions Paid 2022/23	Market Value 31 March 2023
£000	£m		£000	£m
468.5	3.3	Standard Life	508.4	3.2
1.2	0.2	Utmost Life and Pensions	1.6	0.2
<b>469.7</b>	<b>3.5</b>	<b>Total</b>	<b>510.0</b>	<b>3.4</b>

## 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 £2.4m (2021/22: £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 £48.6m (£43.8m in 2021/22).

### **Border to Coast Pensions Partnership (BCPP)**

The Warwickshire Pension Fund, through Warwickshire County Council as the Administering Authority, is a shareholder in BCPP 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.

BCPP 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 76.7% 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 and the Staff and Pensions Committee who was in receipt of pension benefits from the Warwickshire Pension Fund.

There are two members of the Local Pension Board who are active members of the Warwickshire Pension Fund and one active pensioner.

Each member of the Pension Fund Investment Sub-Committee, Staff and Pensions Committee and Local Pension Board is required to declare their interests at each meeting.

### **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 Executive Director for Resources (2%), Director of Finance (16%), Head of Investments, Audit and Risk (30%), Head of Finance Transformation & Transactions (30%), Technical Specialist Pensions

(100%), Investment Analyst (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		2022/23
£000		£000
251.1	Short-term benefits	348.5
-241.0	Post-employment benefits	-200.5

### Note 33: Contingent Liabilities and Contractual Commitments

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 2023 are as follows:

31 March 2022		31 March 2023
£m		£m
116.3	Private Equity	98.0
151.3	Infrastructure	121.8
91.8	Private Debt	79.7
<b>359.4</b>	<b>Total</b>	<b>299.5</b>



### 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:

- The number of employing bodies has increased over time and currently stands at the highest number it has ever been (223) and current membership increased from 54,329 to 56,945, also an all time high.
- Investment returns were volatile in 2022/23 however the diversification of the Fund's assets has provided protection.
- The Fund has adequate liquidity in place to meet cashflow requirements.
- The Fund was assessed as 92% funded as at 31 March 19, an improvement on the funding level of 82% at 31 March 2016, and the 2022 valuation assessed the Funding level to be 104%. It is important to note 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 as they 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 statements for 2022/23 have been prepared on this basis accordingly.

## Glossary

### **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*.

### **Benchmark**

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

### **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.

### **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*.

### **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.

**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.

**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.

**Pool or LGPS Pool**

This term refers to where LGPS administrating authorities have grouped into pools specifically set up to enable investment in line with the [Local Government Pension Scheme: investment reform criteria and guidance \(November 2015\)](#). The Warwickshire Pension Fund is part of the Border to Coast Pensions Partnership pool, which currently has 11 LGPS partner funds.

**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.

**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.

**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.

**Transaction costs**

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