Warwickshire County Council

STATEMENT OF ACCOUNTS

2023-2024

Warwickshire County Council Statement of Accounts

Section A: Narrative Statement

Section B: Statement of Accounts

Section C: Warwickshire County Council Annual Governance Statement

Section D: Warwickshire Pension Fund Statement of Accounts

Introduction

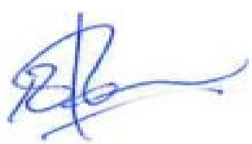
I am pleased to introduce our Statement of Accounts for 2023/24. The purpose of these accounts is to present a true and fair view of the financial results of our activities for the year and the value of our assets and liabilities at the end of the year.

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 2023/24 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 2023/24 are prepared and set out.

Globally and locally, we continue to experience significant financial uncertainty. Although inflationary pressures started to ease, 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 and businesses.

The Council has taken a key role in supporting communities, by offering a package of cost-of-living support, including support for food banks across the county, community pantries, over 100 Winter Warm Hubs as well as targeted support to residents through the Household Support Fund and providing investment and financing opportunities to businesses through the Warwickshire Investment Fund.

The Council continues to strive to deliver against the three strategic priorities set out in the Council Plan launched in 2022: 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
Executive Director for Resources

Organisational overview

We are in the third 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 period 2022-27. It seeks to provide a simple set of priorities within Council's complex operating environment, 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 the Council Delivery Plan which 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 which underpin the Council Delivery Plan:

- joining up, connecting, and working as one Council to focus our collective efforts and maximise their impact for communities and residents;
- a sharp focus on prioritisation to balance rapidly increasing demand with available resource and funding;
- focusing change activities on invest-to-save projects that will release the resources needed to invest in the Council's ambitions, and focus services on the preventative agenda to better meet need and further improve value for money;
- reflecting on and responding to the Council's key strategic risks:
  - slow economic growth and an increase in inequalities across communities;
  - a mismatch between demand and resources;
  - being unable to keep children and vulnerable adults safe;
  - a lack of movement towards Sustainable Futures;
  - the failure to meet operational requirements;
  - an insufficiently skilled and experienced workforce; and
  - a successful cyber-attack.

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 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 its budget, 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 2023/24 Warwickshire implemented a new structure, transitioning from three to four Directorates: Communities (including Fire and Rescue), Children & Young People, Social Care & Health and Resources. Each Directorate is headed by an Executive 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 Business Measures 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 4,418 full-time employees and just over a third of our spending each year is on staffing. This is an increase of 171 full-time employees from last year, which is a mix of positive recruitment and retention reducing the number of vacancies, some 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 People 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;
- 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 assets we have bought, created, or improved and which will be used for more than one year. An annualised amount is charged to our revenue accounts to reflect the economic use of assets each year to provide services. This accounting charge does not reduce our revenue resources but borrowing to fund our capital expenditure does.

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

Revenue Resources Original gross income budget at start of year	**2023/24** £m	**2024/25** £m
Business Rates	80.8	90.7
Council Tax	321.8	338.8
Total Unconditional Revenue Resources (Gross)	**402.6**	**429.5**
Specific Government Grants	112.4	145.0
Adult Social Care Levy	40.8	48.2
Customer and Client Receipts	126.7	150.3
Dedicated Schools Grant	261.3	295.3
Total Revenue Resources	**943.8**	**1,068.3**

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, 1% between 2021/22 and 2023/24 and 2% for 2024/25) 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	**2023/24** £m	**2024/25** £m	**2025/26 and later** £m
Capital Grants and Contributions	148.6	112.0	33.0
Receipts from the Sale of Assets and Repayment of Loans	5.9	5.2	69.5
Direct Application of Revenue Resources	2.1	0.5	-
Borrowing (to be repaid from revenue resources)	18.9	102.2	143.9
Total Capital Resources	**175.5**	**219.9**	**246.4**

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.

2023/24 saw the second year of the Asset Replacement Fund which 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 Services' asset management plans.

The Capital Inflation Contingency Fund continues 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.

The Investigation Design Fund achieves this by providing 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 the Council's priority 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 the Council's Climate Change ambitions.

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

Savings and efficiencies

The resource estimates shown above reflect the broader economic outlook. The Council has a strong track record of delivering savings which has served us well this year through some challenging financial times. The Council Plan and the Medium-Term Financial Strategy aim to further this success, maintaining strategies of investment for longer-term savings and, as far as possible in an environment of high 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 £64.0m 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.

The Council's 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 the 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 £20.4m of the Available-for-Use reserve by 2028/29.

Reserves Balances at start of year	2023/24 £m	2024/25 £m
Management of Risk	8.8	13.7
Available to Use Reserve	50.5	25.9
Earmarked Reserves	91.1	83.8
General Reserves	26.0	26.0
Specific Investment	26.2	27.9
Schools	20.4	17.2
Total Reserves	**223.0**	**194.5**

Borrowing and investments

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

Pensions

The majority of the Council's employees (excluding schools) are members of the Warwickshire Local Government Pension Scheme, and the Council administers the fund that supports the Scheme. At the end of 2023/24 our share of the scheme showed a net liability of £18.5m.

Both the accounts for the County Council and the Pension Fund are included in this document, although 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 £266.6m.

Management of Risk

The successful delivery of the Council Plan and Council 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 2023/24

£20 million
of external funding secured by WCC services/partners to support Council priorities.

97%
of adult social care, reablement and occupational therapy customers were happy with the service received (March 2024)

53%
of household waste re-used, recycled and composted.

There has been a **10.2% increase** in e-books and audio loans from our libraries.

2,797 marriage and civil partnership ceremonies and delivered **752** citizenship ceremonies online.

Delivered road safety education sessions to
49,987 people.

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

79%
of Warwickshire premises with gigabit capable broadband.

49%
of Key Stage 4 pupils in Warwickshire achieved 9 - 5 (Strong Pass) in English and Maths GCSEs

Performance Overview for 2023/24

Our ambition is to make Warwickshire the best it can be and our Council Plan 2022-27 sets out how we will make this happen. It sets out three strategic priorities for 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.

Seven Areas of Focus

Create vibrant places with safe and inclusive communities

Our Creating Opportunities programme has translated the national 'levelling up' agenda for Warwickshire. It remains a key driver within this Area of Focus joining up and working with communities.

Following publication of the countywide approach in 2022, we have developed key strategies that address many of the national missions including Sustainable Futures, Economic Growth and Community Safety. We have also successfully launched the Council's £32.5m Social Fabric Fund, with a focus on support to the 22 Lower Super Output Areas.

We have also been work closely with partners across the County to develop local plans - with plans for both Stratford and Nuneaton & Bedworth agreed by respective Executive bodies in December 2023. These plans have been complemented by hyper-local, community led pilots in Lillington and Mancetter as part of our Community Powered Warwickshire approach.

In early 2024 we took stock, publishing 'The journey so far' document, a new microsite and visual narrative 'Creating Opportunities in Warwickshire', supported by a full programme of activity and clear alignment of deliverables throughout the Council Delivery Plan.

Our Trading Standards and Community Safety Teams remain proactive in supporting communities to be and feel safer and more inclusive. Notably, a successful Round 5 application to the Home Office for Safer Streets funding resulted in an award of £820,000 to spend on interventions around the County.

The Council led the implementation of the new Serious Violence Duty on behalf of Warwickshire partners, with a Serious Violence Prevention Strategy, Strategic Needs Assessment and Delivery Plan completed and adopted ahead of the January 2024 deadline. Work is now underway to deliver the multi-agency initiatives set out in the strategy and delivery plan.

Much work took place during 2023-24 linked to the partnership ambition to tackle discrimination in all its forms, with a new hate crime strategy and action plan adopted in December 2023.

The Community Safety Team continues to deliver multi-agency training to partners, with the number of Prevent training participants reaching an all-time high and a new serious violence prevention training programme being rolled out.

Tackling the sale of illicit vapes and tobacco has also been high on the agenda for Trading Standards, as well as the sale of these products to underage children, which has resulted in a recent successful prosecution of a business selling harmful vaping products in Warwickshire.

We have focussed our efforts on product safety, identifying fulfilment houses within the region, with the intention of disrupting the sale and distribution of products that are potentially dangerous and unregulated.

Our Road Safety Team continue to focus their efforts on making our roads safer for all users by delivering varied safety programmes across the County. This year a new initiative was delivered called Sustrans Big Walk and Wheel which offers free Scootability training aimed at children aged 5 to 10 years focussing on building key scooter skills and knowledge.

A pilot road safety scheme called School Streets was undertaken at Eastlands Primary School in Rugby and has been hailed a success in making the local street safer for the school and wider community during the busy drop off and collection times. During these periods, the residential road leading to the school is closed to all non-residential traffic, transforming the area into a far safer environment with more families using active travel, walking, cycling and scooting for their journey to school.

Commissioned by our Road Safety Education Team, "the Journey" is a unique and contemporary theatre-in-education approach tailored for students aged 11-18. The interactive event has been a smash hit and the team's intervention has been praised as an invaluable tool for students to grasp the real-life consequences of their choices on the road. To date, 25 secondary schools across the county have been involved, and 7,291 pupils have been engaged during the project.

A permanent memorial for all who have been lost or injured on our roads was unveiled at Hartshill Hayes Country Park. It is part of our commemorative woodland and offers a peaceful location for people to gather to pay tribute to family members, friends, or colleagues whose lives have been affected by a road traffic collision.

In April, Warwickshire Fire & Rescue Service (WFRS) received an inspection from His Majesty's Inspectorate for Constabularies and Fire & Rescue Service (HMICFRS) and our inspection report was published on 13th September 2023. HMICFRS identified that more improvement is required but recognises the progress that has been made since the last inspection with the number of Causes of Concern reducing from 3 to 1, and the Areas for Improvement from 41 to 26, with 1 notable practice for leadership training.

On 11th December 2023 WFRS launched a public consultation on a proposed change to its service delivery model as part of its Resourcing to Risk approach. The consultation ran for 13 weeks and closed on 10th March 2024 with 1,212 survey responses received. Consultation analysis is underway and findings will be reported to Cabinet later this year.

Work has begun on the new Warwickshire Fire & Rescue Service training facility and response point at Paynes Lane in Rugby. The facility will provide the ability to create realistic training scenarios where firefighters can learn essential skills in a controlled environment, the build is expected to be completed by mid-2024. In the future, the facility will generate additional income for WFRS through external training opportunities as well as making savings by training firefighters in-house.

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 2024/25.

Developer funded and capital schemes in the Europa Way corridor continue to make good progress, with major improvements due to start on site at the Princes Drive roundabout in early 2024/25.

Public engagement has commenced to support the planning application for proposed improvements at the Avon Mill roundabout in Rugby.

Warwickshire's Local Transport Plan (LTP4) was adopted by the Council in July 2023 following an 8-week consultation period in the Autumn of 2022. Over 300 responses were received through the consultation and these, together with the views of our Citizen's Panel, a representative group of 30 Warwickshire residents, have shaped the production of the final LTP.

During this year, Warwickshire Property and Development Group, which was created to deliver affordable and market-priced homes, as well as a range of commercial, mixed-use and renewable energy opportunities, have delivered a number of schemes, including:

- Brookmill Meadows, Warton: The first site to be developed via Develop Warwickshire, the Joint Venture Company set up with Countryside Homes, is made up of 71 homes, of which 6 were completed this year. All homes have solar panels, air source heat pumps and electric vehicle charging points as standard.
- Sucham Park, Southam: Completed construction of 9 small to medium commercial units (totalling 42,000 square feet) to support small to medium-sized enterprises (SMEs) within the County.

Further developments include:

- Top Farm, Nuneaton: Cabinet approval for the first of four phases of this Develop Warwickshire site, which will see 551 homes built, 25% will be affordable. It is anticipated that the four phases of development will result approximately 1,725 new dwellings, a new primary school, a new local centre/leisure facility, and a new secondary school.
- Manor Park: Cabinet approval for the development of 52 homes on this former secondary school site. In addition, this will enable the development of an Extra Care facility on an adjacent plot.

We continue to promote Safe and Active Travel across our County and during this year we completed the first phase of the Kenilworth to Leamington cycle link, connecting the two towns with a dedicated off-carriageway, high quality, safe and direct cycle route.

In addition, the draft Warwickshire Local Cycling and Walking Infrastructure Plan (LCWIP) was consulted upon for eight weeks during the summer. A total of 1,031 people responded to the online survey, demonstrating the high level of public interest in active travel in Warwickshire, and ensuring that the LCWIP is based on a good understanding of local viewpoints. Overall, there was a high level of agreement with aims and proposals and the majority of respondents stated that they would walk and/or cycle more should the routes be delivered as outlined in the plans. The LCWIP supports the development and delivery of a pipeline of walking, wheeling and cycling schemes and guiding of investment opportunities over a 10-year period and was approved by Cabinet in February 2024.

To encourage use of public transport the £2 bus fare cap has been extended until 31st December 2024. In addition, a project to improve evening bus travel between Leamington, Rugby and Southam is being undertaken by the Warwickshire Bus Partnership.

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.

An investment plan was approved by the Multiply programme, part of the UK Shared Prosperity Fund. It is targeted at adults (aged 19+) who do not currently have a GCSE grade C/4 or equivalent in maths, aiming to increase numeracy levels for adults thereby benefiting employers by boosting the skills of their workforce.

We delivered two internships fairs at Compton Verney in November a second Supported Internships Fair and the Eliot Park Innovation Centre in Nuneaton. The fairsgive young people, including those aged 16-24 with an Education, Health and Care Plan (EHCP) and their families and carers, along with local businesses and education providers, a first look at new guidance developed to provide improved information on supported internships. Feedback on the events was overwhelmingly positive.

The Future Skills programme is a new three-year programme of support to boost apprenticeships in industry with a future focus which support new and emerging technologies. The fund will create five Future Apprenticeship fairs to support our communities in accessing apprenticeship opportunities in growth areas of new and emerging technologies. It also offers support packages for businesses looking to create a skills pipeline into future jobs supported by a dedicated Future Skills Advisor. The project will see industry specific employer round tables set up to enable industry to communicate with the college and provider network to ensure the local skills offer will support the future skills requirements.

In January 2024 our Adult and Community Learning service achieved a Pass in the three-yearly matrix Standard assessment which is owned by the Department for Education and ensures the delivery of high-quality information, advice and guidance services, allowing learners to reach their full potential.

In December 2023 the number of learners enrolled onto a WCC course reached 2,783, a steady increase on previous years.

Coventry & Warwickshire area is among the best performing locations in the country as a destination for Foreign Direct Investment, continuing to outperform the overall UK average.

The area attracted 56 foreign investment projects in the year 2022-23, the most recent data available, maintaining a strong trend of recent years and represented a 24% increase on 2021-22 compared with a UK increase of 4%. The number of jobs created also increased, up at 3,195 compared to 1,534 the year before, while the UK saw a fall of almost 7% for the same period.

Key sectors for Coventry & Warwickshire included automotive and future mobility (17 projects) and digital creative and software (13 projects) and e-commerce and logistics (5 projects), accounting for 17% of the total UK automotive projects.

Recent investors into the area included Berry Global, DHL, Rhenus, REE Auto, and Switch Mobility, from countries as diverse as Australia, China, Germany, India, Japan, Sweden and the US.

Across the area there have been 71 industrial units speculatively built or just about to be completed, representing 2,959,034ft^2 of available space, and a further 1,830,678ft^2 over 17 buildings over the same schemes that have been let. The new stock is split 396,128ft^2 over 43 units for SMEs (units less than 100,000ft^2) and 2,562,906 ft^2 over 11 buildings for larger requirements over 100,000 ft^2.

The office market was less active, typical of recent trends outside of major cities. However, in Warwick sub-market a 60,000ft^2 office and mixed-use redevelopment of House of Fraser came online. The Creative Quarter in Leamington had a boost with the refurbishment of the former United Reformed Church and Cogent moved in, with creative skills provider SAE moving in next door. The former IBM Campus in Warwick saw the Woods building fully occupied by a mix of professional, financial services, med-tech and software companies. The building next door, now known as The Point, is currently finishing a significant refurbishment with Telent as anchor tenant.

The tourism and food and drink sector in Warwickshire contributes significantly to the local economy, the latest Tourism Economic Impact study (2022) shows that its total worth is in the region of £1.275 billion. It generates revenue through various means such as accommodation, dining, shopping and entertainment. Of all visitor expenditure in a large proportion is spent on the Food and Drink sector, generating over £300m for the local economy.

Warwickshire County Council supports the Coventry and Warwickshire Foodie Awards and committed to offering support to the sector by showcasing the work of our producers at the awards as well as providing networking business and skill support.

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

This year, following extensive consultation and work with experts across academia, business, communities and the public sector, we have published our Sustainable Futures Strategy and accompanying delivery plan. We have aligned deliverables with other services plans and strategies so we are able to maximise impact and using existing service budgets and external income to support areas such as transport, economy and our own estate. We have also set out which areas of the plan we need to prioritise for funding and will look for external opportunities such as grants, the role of our procurement and developer processes as well as more innovative solutions to explore.

We have also established a team to work across the Council and County to help us deliver the strategy; this includes dedicated funding and adaptation officers. To support delivery and maximise impact we are working with other institutions for mutual benefit and have established key relationships with Coventry and Warwick Universities who are helping us progress aspects of the plan.

Education and behaviour change is a critical foundation to delivering the strategy; this has been supported this year by a communication campaign that reaches out to communities and residents to encourage them to take their own action. We have also started work with staff to establish a momentum for action through a Climate Change Action Group as well as introducing a programme of carbon literacy training to help services and staff consider the actions that they can take to support the Council's climate goals.
Our tree nursery continues to progress and has been awarded grant income from the Local Authority Treescape Fund, the Urban Tree Challenge Fund and the Coronation Living Heritage Fund in excess of £0.8m to support our tree planting strategy.

This year also sees national legislation in place to deliver Biodiversity Net Gain, as one of the pilot authorities. This scheme is well established in Warwickshire with the Council working in partnership with neighbouring authorities to bring in developer income to support further investment in natural capital in line with the Council's climate change ambitions.

Our new monthly Sustainable Warwickshire County Council podcast is for those people living and working in Warwickshire with an interest in climate change and ensuring that Warwickshire is sustainable now and for future generations. It features conversations with people from our public, private and voluntary sectors, all taking action to reduce carbon emissions, support biodiversity and promote economic growth.

Cabinet has approved the Council's Energy Strategy and Action Plan which lays out the way forward on how it will reduce, use, generate, and measure its energy use. Taking action to ensure Warwickshire has a sustainable future is a key strategic priority for Warwickshire County Council and sustainable energy management has a critical role to play in reaching the goal of becoming a net zero Council by 2030. The new Energy Strategy and associated action plan will enable the Council to effectively address its energy needs by reducing consumption, optimising usage, generating renewable energy, and establishing the robust measurement mechanisms that will underpin this.

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

There are several achievements this year within this Area of Focus including a focused visit by Ofsted which took place in March 2023, where inspectors reviewed WCC's arrangements for care experienced young people. Ofsted reported that 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. Inspectors noted that services had strengthened despite a challenging backdrop of financial pressures and rising need.

Ofsted also inspected Cherry Tree House, Warwickshire's first children's home, which was judged 'Good' by Ofsted in October 2023. The report noted that staff are passionate about their role and have high aspirations for children.

The home is the first of a number planned across the County. It will mean fewer children will have to move away from their friends and family when placed in care. By introducing Council-run children's homes in the County, and having more local and alternative provision, we can improve the outcomes for children in care.

An increase in demand from people requesting and accessing services has led to increased numbers of children subject to a Child Protection Plan (reaching 396 in December 2023, from the lowest reported figure of 287 in May 2023) and rising numbers of children with an open Child in Need category (which has been steadily rising from 3,472 in February 2023, to 3,735 in January 2024). The rise in demand is due to the impacts of the cost-of-living crisis, alongside rising numbers of teenagers with social, emotional and mental health needs. This has resulted in a rise in caseloads for some key teams, and increased use of agency staff.

In May 2023, 40 young people from across Warwickshire came together with County leaders for the first Child Friendly Warwickshire Youth Voice event. The event at Shire Hall was attended by young people from the County's Youth Council, Children in Care Council, Care Leavers Forum and IMPACT, our SEND Forum. They were joined by children's service managers, elected members and professionals from public sector partners to talk about a range of local issues that affect them. The feedback received from the young people in attendance mentioned how 'inspirational', 'exciting' and 'interesting' the event was and that they were pleased to have an opportunity to have their voices heard.

Also in May, we celebrated Foster Care fortnight, celebrating our Fostering committee with events such as coffee mornings, peer meetings and foster carers sharing their experiences. The new Fostering website was launched in June encouraging people to become Foster Carers.

In June, WCC's library service launched a new sensory offer at Stratford-upon-Avon Library, which features brand new equipment, including a floor projector, interactive floor mat, and a fibre optic den. The new offer aims to improve the support and development opportunities available for all children, and especially those with special educational needs and disabilities (SEND).

The Warwickshire House Project, supporting care leavers in Warwickshire with their transition to live independently, celebrated its 5th anniversary on Friday 21st July. During this time the project has worked with 49 care leavers. Assistance includes advice about education, employment, training and the young people are taught life skills such as learning to cook a variety of meals, managing budgets through financial training, and help around maintaining their home.

A range of engaging activities to keep children and young people entertained were offered during the summer break from school. For children eligible for free school meals, Warwickshire Holiday Activities & Food (HAF) Programme, provided exciting and free activities, including sports, arts, crafts and dance, and each activity included a nutritious meal. The Summer 2023 HAF programme occupancy rate was 95.3 per cent with more than 34,000 bookings, involving 4,631 children. Warwickshire libraries, the Market Hall Museum and Warwickshire Fire and Rescue Service (WFRS) all held events to engage young people.

Over 100 Warwickshire young people took part in the "Voices of Tomorrow" conference on 3rd November 2023. The event hosted by Warwickshire County Council in partnership with Warwick University, was organised and led by young people for young people to offer an opportunity for them to discuss topics of importance to them. A total of eight different workshops were planned for the day allowing participants to focus on issues that affect children and young people, including climate change and sustainability, mental health, careers and safety. Feedback from the event has been overwhelmingly positive, with attendees describing it as well-organised and safe.

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

This Area of Focus is a priority as we endeavour to support schools and help children to reach their full potential.

Ahead of returning to school in September, one maintained school within Warwickshire was identified as having Reinforced Autoclaved Aerated Concrete (RAAC) within its structure. In line with national guidance, Reception, Year 1 and Year 2 pupils experienced a delay in returning to school. The Council worked with the school to carry out additional mitigating action in order to enable the school to safely reopen, and support was also provided to two affected academies to minimise disruption to their pupils.

Following a review of our schools admissions process we have seen a considerable improvement in handling in-year school applications, which the council has a statutory duty to process within 15 days. The team have received an average of 490 per month for the last eight months. Back in 2021, we were only hitting this target 38% of the time. However, due to the efforts of the School Admissions team to improve how they work, and a more effective use of the Fair Access Protocol (which is there to make sure schools take a fair approach to admitting vulnerable children), in January 2024 they hit this target for every single application, achieving a 100% success rate.

Warwickshire currently supports approximately 2,000 children by transporting them to school on a daily basis. Demand and costs continue to increase, so we have reviewed our service model and implemented a number of improvement projects. One project is for parents or carers to submit an expression of interest at the same time as applying for a school place which results in the planning team having earlier sight of requirements to enhance service planning.

More choice has been incorporated with parents/carers being given the option to transport the child themselves and receiving a direct travel payment contribution.

We had applications from 7,172 Warwickshire children applying for a secondary school place; an increase of almost 7% on the previous year. 81.4% were offered a place at their first choice secondary school, with 95.3% of families being offered one of their top three preferred schools.

In January 2024 it was announced that Warwickshire is making good progress to enhance support for children and young people with special educational needs and disabilities (SEND), according to the latest review provided by the Department for Education and NHS England. The report highlighted the adoption of new priorities through the Delivering Better Value Programme and the refresh of the SEND and Inclusion Strategy.

Other initiatives include IMPACT, Warwickshire Young People's Forum for SEND, which celebrated its first birthday on 19 May 2023.

This year they have contributed to the School Inclusion Charter and the Working Together Charter, making sure that young people's views are considered. Forum members also spoke to Warwickshire headteachers at the summer term conference in June.

Across Warwickshire, 43 early years settings have been recognised for the high-quality of their support for children with special educational needs and disabilities (SEND). The award, known as the Warwickshire Inclusion Kitemarking Scheme (WIncKS), is a WCC initiative developed with local families that highlights and celebrates early years settings that excel in offering inclusive settings for children with SEND.

WCC has funded the development of four new primary SEND resourced provisions in Nuneaton, Bedworth and Rugby, where the greatest need was identified. Funding has been used to remodel existing classrooms to install sensory rooms and nurture areas to provide calming spaces for pupils, as well as more easily accessible outdoor spaces. Specialist staff have also been recruited, which will enable them to offer pupils tailored support to improve their development and wellbeing.

In July, WCC's Flexible Learning Team arranged a prom night for Year 11 students who were unable to attend school due to illness. Students were treated to an evening filled with music and entertainment. The Prom Night provided a unique opportunity for them to celebrate and create cherished memories.

For the school year 2022/23, the latest available year, there was a return to education assessments and examinations; 69% of Warwickshire's Reception year cohort achieved a Good Level of Development, compared to 67% for state-funded schools nationally. At Key Stage 2, 60% of Warwickshire's pupils achieved the Expected Standard in Reading, Writing and Maths compared to a state funded school national average of 59%. At Key Stage 4 Warwickshire also performed above the average Attainment 8 Score per pupil (48.4 compared to 46.3) and average Progress 8 score (0.05 compared to -0.03).

Warwickshire's latest data on young people participating in education, employment or training is positive. The percentage of 16–17-year-olds participating in education and training is 94.5%, compared to the national average of 92.3%. Through the Council's support to local areas in monitoring figures and developing the offer for young people it is expected that strong performance in this area will continue over the next year.

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

The Social Care and Support service has been preparing for the new CQC assessment framework, which will apply to providers, Local Authorities and Integrated Care Systems.

The Council participated in a regional Association of Directors of Adult Social Service (ADASS) Readiness Review, which reported positively on the Council's frontline staff and strength-based practice.

An Adult Social Care Strategy is also being developed that will lay out a clear plan for the period up to 2030. The Strategy will centre around three overarching priorities to ensure people are safeguarded, supported and satisfied. Staff, providers and customers will be engaged on the strategy, with final sign off to take place in summer 2024.

Our work has been wide ranging but key highlights include working, with our partners across Coventry and Warwickshire, to celebrate Autism Acceptance Week from 27 March – 2 April, highlighting the importance of understanding more about autism and aiming to inspire others to take steps to build kinder, more inclusive communities.

Linked to this and launched in June 2023, people in Coventry and Warwickshire who may self-identify as autistic, those awaiting an autism assessment and those with an autism diagnosis are now able to access improved support through the all-age Community Autism Support Service (CASS) which aims to be responsive to local need, providing better targeted support in the community.

Ensuring as many people as possible have access to good quality, healthy and affordable food was the central commitment of a new Warwickshire-wide Food Strategy for 2023-2026. Agencies and organisations across Warwickshire have pledged their support to work together to deliver the Warwickshire Food Strategy. The Strategy sets out a plan for public, private, voluntary and community sector organisations to work together on priority areas.
Our Trading Standards team have been working with Campion School to clamp down on the number of illegal disposable vapes being sold to underage children. 11,000 illegal vapes have been seized by Trading Standards in the last 12 months, and concern is high particularly around the health risks of the untested products and availability to young people who are becoming addicted.

A new Safe Haven Coventry and Warwickshire service, commissioned by NHS Coventry and Warwickshire Integrated Care Board and operated by Coventry and Warwickshire Mind, was launched 1st July 2023 providing community-based, non-clinical support crisis intervention to residents aged 16 and above that helps to de-escalate, give back control, stabilise thoughts and actions and prevent further deterioration for those who have feelings of emotional distress.

In July 2023 colleagues in Occupational Therapy and ICT worked together to develop a new app that can be used when visiting customers who need minor adaptations, such as grab or stair rails in their home. The app can be used to take photos and create diagrams of properties with notes and measurements and then loaded onto the community equipment prescribing system.

In January 2024 the Director of Public Health's annual report was launched at the Warwickshire Health and Wellbeing Board. Named 'Breaking the silence: working together to prevent domestic abuse' it portrays the devastating impact of domestic abuse through the story of a fictional character named Mia and her experience of abuse, told through the accounts of those surrounding her, and the services involved. Whilst the story is fictional, it reflects real-life experiences, and is intended to highlight the harm and long-lasting, far-reaching effects of this crime.

Smokers in Warwickshire who are looking to quit can access our improved stop smoking support offer with the introduction of the new Government 'Swap to Stop' programme. Swap to Stop offers smokers over the age of 18 access to support to quit with the help of vape 'quit kits' and access to 12 weeks of behavioural support and stop smoking treatments. Warwickshire's Quit 4 Good programme, provided by Everyone Health, offers smokers aged 12 and over free stop smoking support for 12 weeks. This includes behavioural support, access to the Smoke Free app and nicotine replacement therapy which now includes the new Government funded Swap to Stop vaping quit kits.

Harnessing Community Power

Central to our Creating Opportunities programme, the Social Fabric Fund is investing in "social infrastructure" to develop and strengthen Warwickshire's most deprived communities and, in so doing so, improving residents' life chances, and reducing inequalities. The Fund, comprising £1.5m capital and £1m revenue monies, is aimed at the 22 areas of Warwickshire in the most deprived 20% of the national indices of Multiple Deprivation. All proposals need to be assessed against, and meet, the Fund criteria, including a requirement for proposals to be community-powered, driven from within communities, ensuring maximum value for money and sustainable community impact. Up to the end of February 2024, 31 expressions of interest had been received, with a further 12 expressions of interest in the pipeline. Three proposals have been funded so far, all in Nuneaton.

We launched the two rounds of the Councillors' Grant Fund providing each of WCC's 57 Councillors with an allocated fund of £8,000 to support projects that build community capacity and support initiatives that improve access to services; financial capability; reduce loneliness and isolation; promote equality and inclusion; enhance the physical environment; and reduce environmental impact. In total, we have received 849 applications with 590 organisations being successfully awarded the total of £451,823.

The Community Partnerships service has played a vital role in supporting newly-arrived communities in Warwickshire with integration into the wider community. More recently, we have been supporting development of new community groups, such as an Afghan community group in Stratford and Warwick District.
The Council has continued its work supporting the Armed Forces Covenant (AFC) and the Armed Forces community in Warwickshire; Regulars, Reserves, Veterans and their families.
A new legislative duty, the Covenant Duty, came into force on the 22 November 2022 with Local Authorities and NHS organisations being subject to the Duty in the areas of healthcare, housing and education. Awareness raising internally and externally has been ongoing ensuring relevant departments and partner AFC organisations are aware of the new Covenant Duty and its implications, including the development of e-learning modules to train staff.

The Council has also secured a £110,569 grant from the Integrated Care Board Health Inequalities Fund to fund a project to deliver NHS Physical Health Checks to veterans in deprived areas of the north of the County as veterans are reluctant to access medical and other forms of support. The Veterans' Contact Point in Nuneaton are providing a veteran-friendly space encouraging veterans to access this service.

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. Over the last year the panel has contributed to policy development on levelling-up, emergency planning, community power and library services.

Over the last 12 months, well over 8,000 responses have been received to 35 activities run on the Council's consultation and engagement platform, Ask Warwickshire. This feedback has contributed to planning, strategy development and decision-making in areas including Warwickshire Fire and Rescue Service; public rights of way; transport infrastructure and delivery; schools and education; economy and skills; 0-5 health visiting, and housing related support. Activities have also been used to understand the needs of the Warwickshire population for example to inform areas of the Joint Strategic Needs Assessment programme, and how satisfied users are with our services, such as household waste recycling centres.

Using our data and digital solutions to improve service delivery

We have a continuing aim to seek and develop innovative ways to use data and digital solutions to improve how we work and our service delivery.

Key achievements this year include a Warwickshire Libraries initiative making e-reading resources more accessible, a new service in 9 of our libraries providing Hublet tablets devices to our customers so they can enjoy eMagazines, eNewspapers, eBooks, and other online eResources without the need to have or bring their own digital devices.

During the year two key elements of the Digital Roadmap have been made available:

- Customer Platform – providing citizens with easier ways to interact with the Council online with Customer Feedback and Highways reporting included as the first phase. The platform will continue to be developed during the coming year with more processes available digitally. The system enables citizens to track the progress of their interaction online and view the response once resolved.

- Contact Centre Telephony – a new system with increased capacity to allow the Council to respond to peaks in citizen demand. The system will provide the foundation for new voice services such as voice recognition to enable citizens to have their query addressed as easily as possible.

Progress on our Data Roadmap continues. Initially, the focus has been on getting the foundations right - making sure we create good quality data that can be used to help inform strategic and operational decision-making, including establishing consistent data standards and new capabilities around matching data on service users across different systems. These, along with other activities, will enable us to establish better foundations for the organisation to derive more value from its data.

We are now moving into the second phase of our Data Roadmap, which amongst other things will include developing more effective ways to share data with our partners and establishing a framework for how we address ethical considerations around the use of data. This is particularly important as we consider how to benefit from the use of increasingly sophisticated Artificial Intelligence (AI) tools and systems.

Our people and the way we work

The Our People Strategy underpins this area of focus. Strategic Workforce Planning has been a priority over the last 12 months, to ensure we have the right people, with the right skills in the right place. Working with the Chartered Institute of Personnel and Development (CIPD) and West Midlands Employers, we have undertaken a pilot which is currently being evaluated and will be developed into an approach for use across the Council to ensure our workforce is fit for the future.

At the start of 2024 we conducted our Your Say Survey across the organisation and results are being analysed in detail. Initial headlines include:

- 56% response rate - this is an increase from the 43% response rate last February, and is the highest response rate achieved over the last 5 years;
- Employee engagement has increased to 79% from 76% last year;
- 83% were proud to work for WCC;
- The combined Wellbeing score has increased from 77% to 82% from last year;
- 81% agreed "working here makes me want to do the best I can"; and
- 78% would recommend the organisation as a great place to work.

However, only 44% of respondents think that action will be taken as a result of Your Say, which is consistent with previous years.

Again, this year we have experienced recruitment and retention challenges across many of our services, including Children and Young People, Social Care and Health, Waste & Environment, Schools, Commercial and Contracts, On-Call firefighters and Planning Officers. However, we have seen an improvement in our retention levels throughout the last year, with a year-end position of 89.66%, which remains within our target range of 87-90%. Turnover is at 10.34% for the rolling 12 months.

Our approach to reward and recognition continues to be reviewed 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 survey. We introduced a regular Benefits Newsletter and will be implementing Lease Cars and Cost Shared Additional Voluntary Contributions as additions to our benefits offer, which will go live in early 2024/2025.

We recognise the power of staff-led networks to improve the wellbeing of our people, and the culture of our organisation. Such groups provide members with the opportunity to support one another, connect, and discuss prevalent issues and enact change. Our networks are run by employees for employees, with administrative support from the Equality, Diversity and Inclusion and Wellbeing team.

Sickness levels have increased throughout the year to 9.86 days per Full Time Equivalent which is above our target of 8 days per Full Time Equivalent (+1-day tolerance). Whilst the increasing trend is in line with the national picture across both public and private sectors, we have introduced a proactive action plan to address the increase.

Cost of living

One of the biggest challenges for us this year has been the continuing national cost-of-living crisis which continues to affect our residents and visitors. We continue to work closely with partners on a range of support initiatives to meet the ongoing challenges, an overview is shown below.

A £1m cost-of-living package from the County Council's Revenue Investment Fund supports:

- food banks across the county;
- 3 community pantries delivered by Feed the Hungry;
- Warwickshire Rural Community Council's Winter Warm Hubs programme, a network of up to 100 warm hubs across the County;
- extended opening hours of libraries, museums, leisure centres, and some fire stations as warm hubs;
- investment into Citizens Advice to fund a new countywide telephony system, tripling the number of telephone advice sessions, on a range of topics including debt, money management, benefits, housing, and employment;
- investment into voluntary transport schemes, taking people to essential medical appointments and social support activities;
- free school meals uptake promotion work; and
- the cost-of-living support fund, providing grants of up to £1,000 to voluntary and community sector groups.

We have also organised and delivered a range of cost-of-living events, including:

- two countywide events to help agencies collaborate and to enable frontline workers to be aware of the package of support available to residents and communities;
- our cost-of-living website and the freephone number, are the County Council's and partners' "front door" for residents and communities to access information on food, energy support, housing and homelessness, finance, and health and wellbeing;
- Better Conversation Training was organised for WCC and partners, on how to spot, help and support individuals who may be struggling; and
- A cost-of-living forum has been set up, to create an ongoing opportunity for partners to get together to discuss relevant topics, identify joint working opportunities and to share information.

The Household Support Fund Grant, £6.9million for 2023/24, has ensured:

- cost-of-living payments to families/carers with children eligible for benefits related free school meals;
- utilities support for households with children eligible for free school meals; and
- welfare grants to community-led groups and initiatives.

Our Warwickshire Local Welfare Scheme, accessed through the dedicated website and freephone number, has continued to offer help and support to vulnerable residents at times of crisis.

Awards

The Council has a strong record of recognition through national awards, and this year has been an exceptional year for us in this respect.

The Develop Warwickshire joint venture won a major national property award for 'Deal of the Year – Residential' in the RESI Awards, organised by leading business-to-business magazine Property Week. Develop Warwickshire will see Warwickshire Property & Development Group (WPDG), Warwickshire County Council and Countryside Partnerships bring sites forward for housing across the county for the next 30 years, creating thousands of homes and new jobs for local people.

Our Registration Service won the Local Authority Registration and Coroner Services Association (LARCSA) "Best Registration Feedback". The award nomination was submitted as part of LARCSA's celebrations for National Registrar's Day, which took place in July 2023. The day celebrates the continued care, professionalism, and compassion that Registrars across the country show when helping people through some of the happiest or hardest times in their lives.

For the 24th year running our Warwickshire County Council's Legal Services team have been awarded with LEXCEL 6.1, the latest version of a highly regarded legal practice accreditation, which is an internationally recognised legal practice quality mark, administered by The Law Society for client care, compliance, and practice management.

Within Economy and Skills, Coventry and Warwickshire were runners up in the Foreign Direct Investment (FDI) Intelligence Award. This award benchmarks European cities and regions based on their economic, financial and business strength. The Coventry & Warwickshire area was ranked second for 'Foreign Direct Investment Strategy' and ranked in the top 10 across Europe in 3 categories: business friendliness, FDI strategy and economic potential.

The innovative IndieGo PLUS on-demand public transport service won an award under the 'Road Users' category at the national City Transport and Traffic Innovation (CiTTI) Awards. The service won the 'Public Transport Award' for its innovation and benefits to residents. IndieGo PLUS is our fast and low cost on-demand bus public transport service for Hatton and West Warwick. It is operated in partnership between Stagecoach, Liftango and Warwickshire County Council.

For the 16th 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 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.

In March 2024 Government announced its intention to develop a Level 2 Devolution deal for Warwickshire which would give Warwickshire the ability to manage a £7.5 million educational budget and £10 million UK Shared Prosperity Fund.

The Customer Service Centre answered 170,000 calls over the year and we are proud that customer satisfaction levels have remained high with an average of 86%

6,728 Safe & Well visits delivered by Warwickshire Fire and Rescue Service.

39,864 trees trees planted against our commitment to plant one tree for each resident of Warwickshire.

87%

of Warwickshire pupils attended a setting rated either Good or Outstanding by Ofsted.

91%

of commissioned provision (agency foster care or residential) where our children and young people are placed is rated as Good or Outstanding by Ofsted (March 2024)

392

people with SEND supported by the Warwickshire Supported Employment Service

4,399 emergency incidents were attended by Warwickshire Fire and Rescue Service.

Heritage and Cultural Services have seen a 3.19% increase in uptake in services through digital channels.

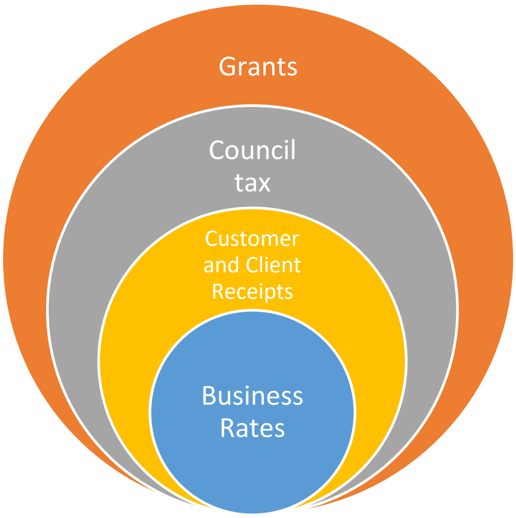
Financial performance

Revenue income and expenditure

Our net revenue income from all sources in 2023/24 was £1,073.2m, £129.2m higher than the gross income budget at the beginning of the year. The increase is attributable to higher than anticipated government grants, an increase in receipts from customers for services provided and interest earned on deposits.

Revenue Income

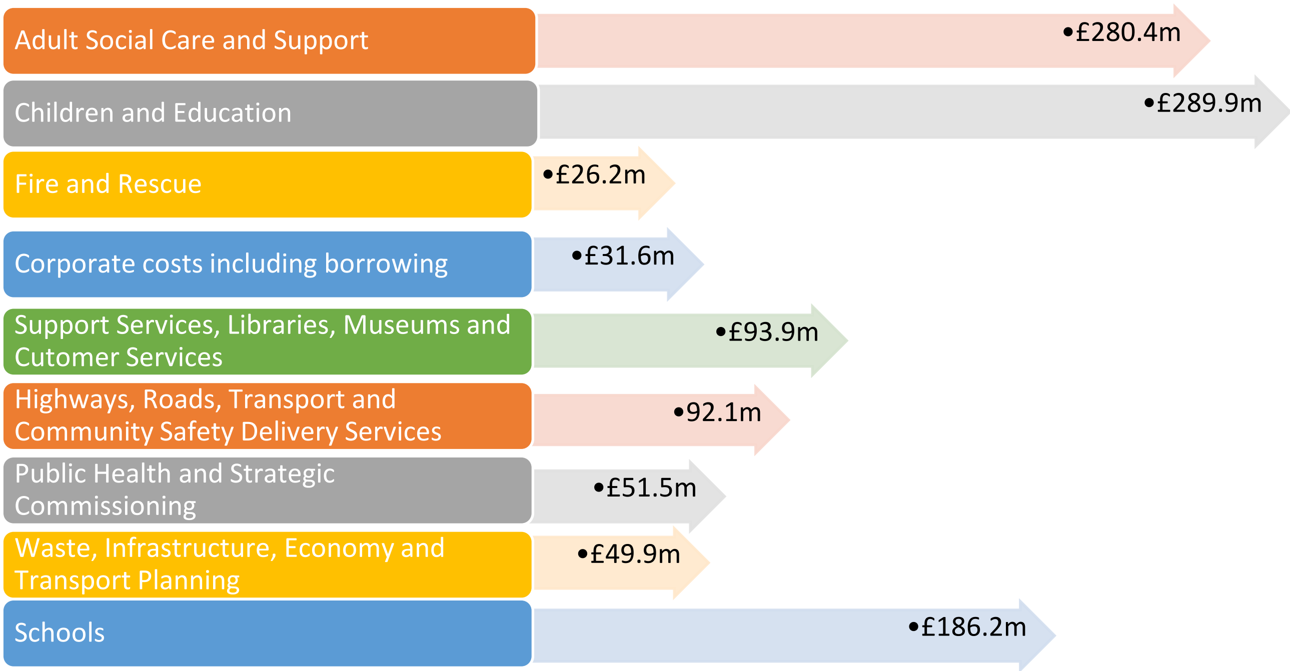
Grants	**£429.7m**
Council tax (inc. Adult Social Care Levy and deficit from previous years)	**£362.9m**
Other Income	**£191.9m**
Business rates	**£88.7m**



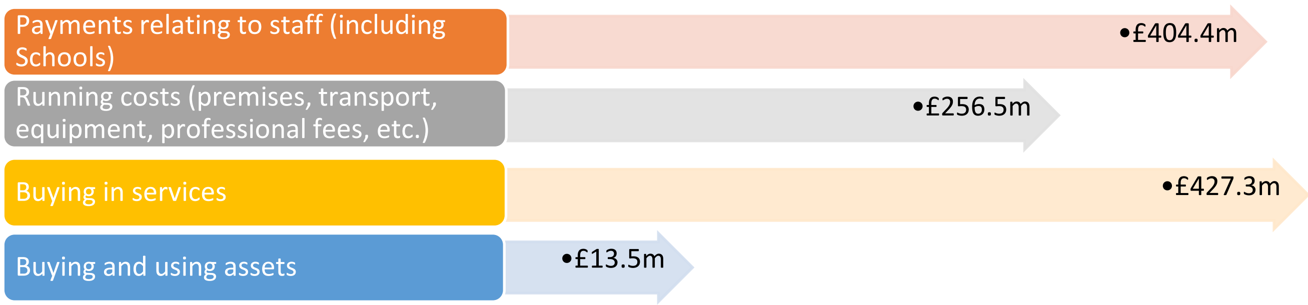
We spent £1,101.7m in 2023/24 on the various services we provide (including schools) and used £28.5m of one-off funding from our reserves to fund the difference between our income and spend.

The figures above exclude technical adjustments of £149.4m. Together these figures make up the gross expenditure of £1,251.1m shown in our Comprehensive Income and Expenditure Statement.

Revenue Spend by Service



Revenue Spend by Type



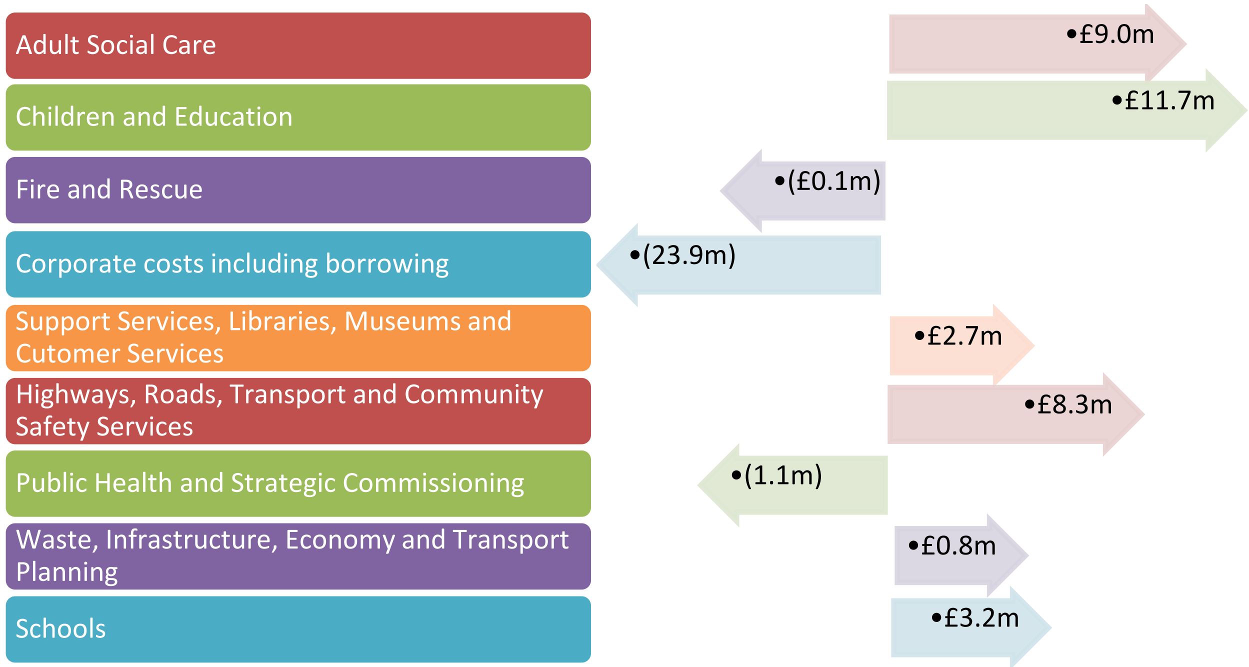
Revenue Underspends/Overspends

The net difference between our funding and expenditure for the year is £28.5m, through our Medium Term Financial Strategy we planned to use £16.0m of reserves at the start of the year.

Of the additional £12.5m used from reserves during the year:

- (£17.0m) was used to fund the residual net overspend on services at the end of the financial year;
- (£3.3m) was a reduction due to allocations to specific projects delivering the Council's ambitions;
- £12.5m was to increase our financial management reserves to take account of increasing risk arising from our operating environment;
- £4.9m was an increase in funds earmarked for schools;
- (£2.8m) was a decrease in funds held with our external partners; and
- (£6.8m) 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, totalling £7.4m and also includes a maintained schools net overspend of £3.2m:



Capital spending and the value of our assets

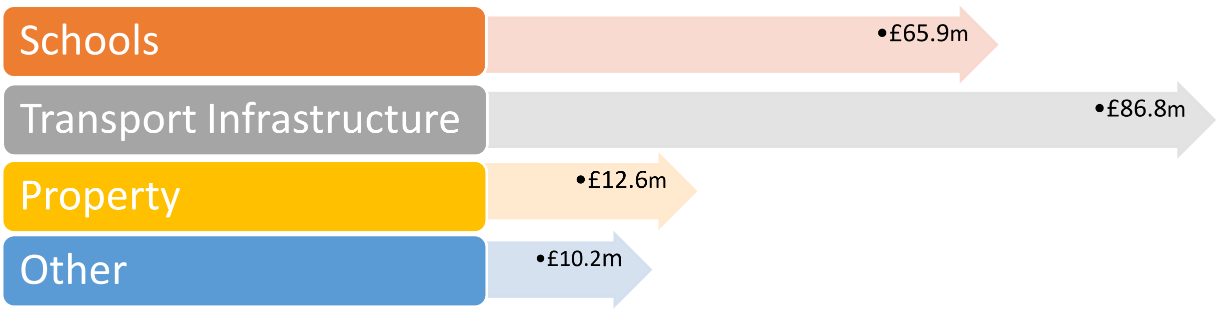
We spent £175.5m on the purchase and creation of assets in 2023/24 including £65.4m on assets owned by other parties and £11.0m on investment loans to our property and development company. Our initial estimate was £316.9m but in-year adjustments for additions (for example, to spend newly awarded grants), reductions or rescheduling brought our approved budget for 2023/24 down to £243.7m as at January 2024. Our capital spending was therefore £141.4m less than our original budget, and £68.2m 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 2024/25 being £250.6m.

The value of our fixed assets has increased from £1,411.4m to £1,467.3m in 2023/24.

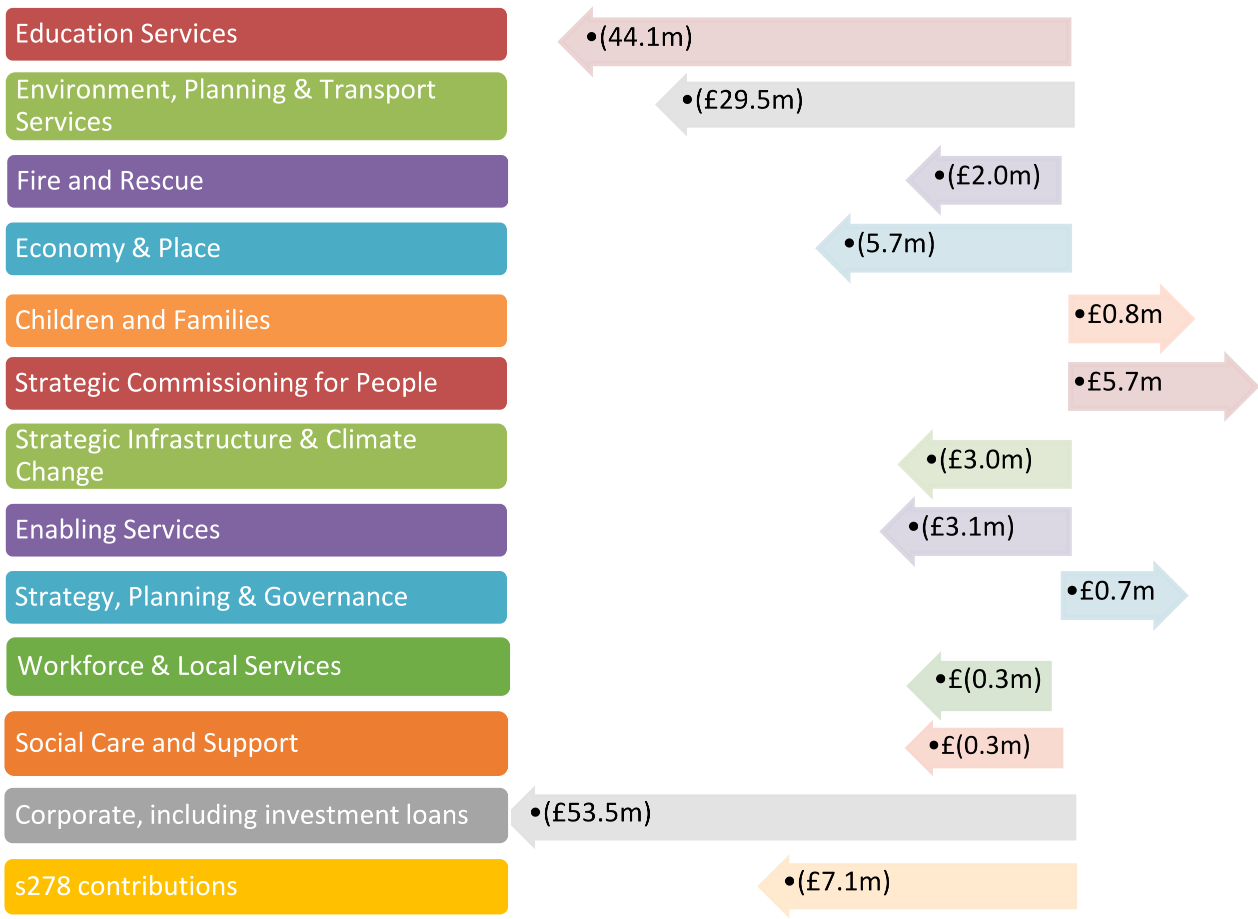
The main reasons for the £55.9m increase in the value of our assets are:

- £32.0m of assets disposed of mostly through schools transferring to Academy status;
- A spend of £99.1m increasing the value of our assets;
- A write-down of £59.8m to reflect our assets' usage by services; and
- A net increase in the value of our assets of £48.6m 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 2023/24 financial year was £15.158m. 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:

- £1.5m savings through managing the cost of externally commissioned care for adults;
- £1.4m saving by reducing the cost of children's social care including the increased use of WCC homes, boarding schools and residential schools.
- £1.0m saving by reducing demand for adult social care support through early intervention, prevention and reablement; and
- £0.6m saving from the increase in the level of grant income and its more effective use to support the core activities in Children and Families.

84.75% of the saving target has been delivered during the year despite the ongoing challenge of the wider economic conditions.

Reserves

We planned to use £16.0m of our reserves to support the delivery of services in 2023/24. However, services spent £17.0m more than their cash-limited budget; when combined with further movements of reserves to deliver the Council's priorities the outcome was that our usable revenue reserves decreased overall by £28.5m (excluding funding set aside to offset our DSG deficit).

At 31 March 2024 our usable revenue reserves were therefore £194.5 million, of which £17.2 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 £170.9m by the end of 2028/29.

Borrowing and Investments

Whilst the Council's benchmark rate of return on investment in 2023/24 was 4.19%, our treasury management activity generated a higher average interest on investments of 4.45%. In line with the Treasury Management Strategy the Council has prioritised security, then liquidity and finally yield within its treasury management 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 debt outstanding was £279.4 million at 31 March 2024; and we were holding £379.0 million of cash, cash equivalents and investments.

Pensions

At 31 March 2024 our total pensions net liability was £285.1m, an increase of £29.2m over the year. The increase is largely attributable to the re-measurement of the net liability 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 is supported by 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, sustainable futures and safe and healthy communities, as well as managing the risk inherent in providing a diverse range of services to our diverse communities 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 future Government about local government financing, including a new funding model for adult social care;
- dependence 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; and
- achieving sustainable delivery of Special Educational Needs services within the level of DSG funding provided by Government.

Inflation and the macroeconomic environment

Following the twin global shocks of the pandemic and Russian invasion of Ukraine, we are now experiencing a period of declining inflation and stagnating growth. Although inflation is currently falling more sharply than expected interest rates remain at the highest level in a decade. Inflationary pressures and interest rates have significantly impacted living standards. Economic forecasts remain volatile and uncertain.

Against this challenging backdrop we are expecting to experience continuing increase in the demand for council services from the most vulnerable in our communities.

The current economic climate, inflationary pressures and rapidly changing demands may result in the need for some agility and flexibility in resource allocations and the prioritisation of our activity, while maintaining focus on the delivery of our priorities as set out in the Council Plan.

Major Developments

Two major developments that we brought forward in 2020/21 to support economic growth and Warwickshire's recovery post the Covid-19 Pandemic are in their fourth year of operation.

Warwickshire Property and Development Group (WPDG) is a local authority trading group set up to deliver our policy objective of creating jobs and more homes across Warwickshire. During 2023, the group completed its first development project and reported a profit before tax of £0.044m at the end of their financial year.

A joint venture partnership between WPDG, the Council and Countryside Partnerships PLC, Develop Warwickshire, was incorporated in December 2022 and a significant increase in activity is in train with material investment planned as a number of sites come forward for development. The first development project is currently underway at Brookmill Meadows in North Warwickshire.

The Warwickshire Investment Fund was 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 during 2023/24 resulting in the investment fund being reduced from £104m to £64.4m over the next three years and at the end of the 2023/24 financial year £20.6m of lending had been approved by Cabinet.

Basis of preparation and presentation

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

Core Financial Statements

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

Comprehensive Income and Expenditure Statement	Balance Sheet
An accounting deficit of £29.9m for 2023/24 has been reported; the outturn position is an £17.0m deficit. *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.*	**A reduction of £17.4m in County Council's net assets as at 31 March 2024.** *The balance sheet shows the value of the assets and liabilities recognised by the County Council. At 31 March 2024 the County Council's net worth was £1,120.5m.*
Cash Flow Statement	**Movement in Reserves Statement**
A net cash outflow of £79.0m in 2023/24 in cash or cash equivalents. *This statement summarises the cash that has been paid to us and which we have paid to other organisations and individuals.*	**A decrease of £33.2m in the County Council's usable reserves, made up of a decrease of £11.4m in revenue reserves and £21.8m in capital reserves.** *This statement shows the movement in year on the different reserves held by the Council, analysed into usable reserves (i.e. those that can be used to fund spending or reduce taxation) and other reserves.*

Statement of accounting policies

This summarises the accounting rules and conventions we have used in preparing these financial statements. There have been no changes to our accounting policies during the year.

Notes to the core financial statements

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

Other sections of this Document

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

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

The Warwickshire Pension Fund's Statement of Accounts describes the Fund's financial position and performance in 2023/24. 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
Executive Director for Resources

Warwickshire County Council

Statement of Accounts

2023/24

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

- Phone: 01926 412666
- E-mail: andrewharper@warwickshire.gov.uk

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

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

This document forms part of the Warwickshire County Council's 2023/24 Statement of Accounts which also includes the Annual Governance Statement and the accounts for Warwickshire Pension Fund. The accounts for the Pension Fund are available at www.warwickshire.gov.uk

Contents

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Warwickshire County Council (the 'Authority') for the year ended 31 March 2024, 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 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 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 2023/24; 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 (2024) ("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 2023/24 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 November 2024 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 the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, 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 2023/24, 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 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003), 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 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 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. 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 2024.

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 November 2024. 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 have not issued our audit certificate of completion of the audit at this time because:

- We cannot formally conclude the audit and issue an audit certificate for Warwickshire County Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024
- We cannot formally conclude the audit and issue an audit certificate until we have completed our consideration of an open objection brought to our attention by Warwickshire County Council under section 27 of the Local Audit and Accountability Act 2014.

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 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Avtar Sohal

Avtar Sohal, Key Audit Partner

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

Birmingham

Date: 17 January 2025

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 2024 and the income and expenditure for the year ended 31 March 2024. The unaudited draft accounts were authorised for issue on 31 May 2024. These were audited and were considered and approved at a meeting of the Council on 17 December 2024. The approved accounts were authorised for issue on that date.

Rob Powell
Executive Director for Resources **Date: 17 December 2024**

Councillor Chris Mills
Chair of the Council **Date: 17 December 2024**

Comprehensive Income and Expenditure Statement

The purpose of the Comprehensive Income and Expenditure Statement (CIES) is to report the Council's financial performance during the reporting period. This shows the accounting cost of providing services, rather than the amount to be funded from taxation.

2022/23 (Restated)				2023/24		
Gross expenditure £m	Gross (income) £m	Net expenditure / (income) £m	Summary of revenue spending	Gross expenditure £m	Gross (income) £m	Net expenditure / (income) £m
			Money spent on services			
179.1	-38.5	140.6	~ Communities Directorate	193.6	-42.9	150.6
277.0	-35.9	241.1	~ Children and Young People Directorate	351.9	-41.6	310.2
316.3	-79.1	237.3	~ Social Care and Health Directorate	348.1	-94.0	254.0
94.7	-16.3	78.5	~ Resources Directorate	101.4	-18.4	83.0
188.7	-281.0	-92.3	~ Schools	178.9	-300.7	-121.8
7.2	-54.7	-47.5	~ Corporate Services and Resourcing	7.6	-44.9	-37.3
0.0	-2.3	-2.3	~ Non-distributed costs	0.0	-1.2	-1.2
1,063.1	**-507.8**	**555.3**	**Net cost of services**	**1,181.4**	**-543.8**	**637.6**
45.4	0.0	45.4	~ Other operating expenditure (note 4)	27.6	0.0	27.6
58.9	-26.7	32.2	~ Financing and investment income and expenditure (note 5)	42.0	-41.5	0.6
0.0	-552.9	-552.9	~ Taxation and non-specific grant income and expenditure (note 6)	0.0	-635.9	-635.9
1,167.4	**-1,087.4**	**80.0**	**Surplus (-) or deficit on the provision of services**	**1,251.1**	**-1,221.2**	**29.9**
			Items that will not be reclassified to the surplus (-) /deficit on the provision of services			
		-60.0	~ Surplus (-) or deficit on revaluation of property, plant and equipment. (note 8)			-41.7
		-0.5	~ Surplus (-) or deficit from investments in equity instruments designated at fair value through other comprehensive income. (note 13)			-0.6
		-703.8	~ Remeasurements of the net defined benefit liability / asset. (note 37)			29.9
		-764.3	**Other comprehensive income and expenditure**			**-12.5**
		-684.3	**Total comprehensive income and expenditure**			**17.4**

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, £115.6 million was used to fund education related services provided by the Council in 2023/24 (£105 million in 2022/23).

The restatement of the 2022/23 figures is described in Note 3. This restatement reports the Council's 2022/23 income and expenditure based on the directorate structure newly adopted by the Council in 2023/24.

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

Movement in Reserves Statement

The purpose of the Movement in Reserves Statement (MiRS) is to report the Council's reserves position at the end of the reporting period, reconciled to the position at the start of the reporting period via the total comprehensive income and expenditure and adjustments between accounting basis and funding basis.

Movement in Reserves Statement - 2023/24	**General Fund (Unearmarked Funds) £ m**	**General Fund Earmarked Reserves £ m**	**General Fund Capital Fund £ m**	**Total General Fund Reserves £ m**	**Capital Receipts Reserve £ m**	**Capital Grants Unapplied £ m**	**Total Usable Reserves £ m**	**Unusable Reserves £ m**	**Total Authority Reserves £ m**
Balance at 31 March 2023	**26.0**	**211.9**	**1.2**	**239.1**	**0.0**	**23.1**	**262.2**	**875.7**	**1,137.9**
Movement in Reserves during 2023/24									
Total Comprehensive Income and Expenditure	-29.9	0.0	0.0	-29.9	0.0	0.0	-29.9	12.5	-17.4
Adjustments between accounting basis and funding basis under regulations (note 2)	18.5	0.0	0.0	18.5	0.0	-21.8	-3.3	3.3	0.0
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	**-11.4**	**0.0**	**0.0**	**-11.4**	**0.0**	**-21.8**	**-33.2**	**15.7**	**-17.4**
Transfers to / from (-) Earmarked Reserves (note 7)	11.4	-10.2	-1.2	0.0	0.0	0.0	0.0	0.0	0.0
Increase / Decrease (-) in Year	**0.0**	**-10.2**	**-1.2**	**-11.4**	**0.0**	**-21.8**	**-33.2**	**15.7**	**-17.4**
Balance at 31 March 2024	**26.0**	**201.7**	**0.0**	**227.7**	**0.0**	**1.3**	**229.0**	**891.5**	**1,120.5**

Movement in Reserves Statement - 2022/23	**General Fund (Unearmarked Funds) £ m**	**General Fund Earmarked Reserves £ m**	**General Fund Capital Fund £ m**	**Total General Fund Reserves £ m**	**Capital Receipts Reserve £ m**	**Capital Grants Unapplied £ m**	**Total Usable Reserves £ m**	**Unusable Reserves £ m**	**Total Authority Reserves £ m**
Balance at 31 March 2022	**26.0**	**228.6**	**1.0**	**255.6**	**3.5**	**29.9**	**289.0**	**164.6**	**453.6**
Movement in Reserves during 2022/23									
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
Net Increase / Decrease (-) before Transfers to Earmarked Reserves	**-16.7**	**0.0**	**0.2**	**-16.5**	**-3.5**	**-6.8**	**-26.8**	**711.1**	**684.3**
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
Increase / Decrease (-) in Year	**0.0**	**-16.7**	**0.2**	**-16.5**	**-3.5**	**-6.8**	**-26.8**	**711.1**	**684.3**
Balance at 31 March 2023	**26.0**	**211.9**	**1.2**	**239.1**	**0.0**	**23.1**	**262.2**	**875.7**	**1,137.9**

Balance Sheet

The purpose of the Balance Sheet is to report the Council's financial position as at the end of the reporting period. This includes the assets, liabilities and reserves of the Council.

31 March 2023 £ m		31 March 2024 £ m	Notes
1,392.5	Property, plant and equipment	1,447.1	8
5.2	Heritage assets	5.4	10
13.4	Investment property	14.6	11
0.3	Intangible assets	0.2	12
1,411.4	**Total fixed assets**	1,467.3	
24.7	Long-term investments	107.9	13
4.6	Long-term debtors	9.4	13
1,440.7	**Total long-term assets**	**1,584.6**	
	Current assets		
281.3	Short-term investments	164.8	13
0.7	Inventories	0.8	
111.8	Short-term debtors	132.8	15
185.3	Cash and cash equivalents	106.3	16
579.1	**Total current assets**	**404.7**	
	Current liabilities		
-5.4	Short-term provisions	-4.5	18
0.0	Short-term borrowing	-7.0	13
-169.1	Short-term creditors	-174.8	17
-17.2	Short-term grants received in advance	-16.4	24
-191.7	**Total current liabilities**	**-202.7**	
387.4	**Current assets less current liabilities**	**202.0**	
-2.2	Long-term provisions	-2.2	18
-321.4	Long-term borrowing	-272.4	13
-110.7	Long-term grants received in advance	-106.4	24
-255.9	Liability related to defined benefit pension scheme	-285.1	37
-690.2	**Long-term liabilities**	**-666.1**	
1,137.9	**Net assets**	**1,120.5**	
262.2	Usable reserves	229.0	19
875.7	Unusable reserves	891.5	20
1,137.9	**Total reserves**	**1,120.5**	

Rob Powell
Executive Director for Resources

Cash Flow Statement

The purpose of the Cash Flow Statement is to report the movement in the Council's cash balances during the reporting period.

31 March 2023 £ m		Notes	31 March 2024 £ m
-80.0	Net surplus or (deficit) on the provision of services		-29.9
161.4	Adjustment to surplus or deficit on the provision of services for noncash movements	21	75.7
-100.8	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	21	-129.1
-19.4	Net Cash flows from Operating activities		-83.3
43.3	Net Cash flows from Investing Activities	22	52.1
0.0	Net Cash flows from Financing Activities	23	-47.8
23.8	**Net increase or (decrease) in cash and cash equivalents**		**-79.0**

31 March 2023 £ m		Note	31 March 2024 £ m
161.5	Cash and cash equivalents at the beginning of the reporting period	16	185.3
185.3	Cash and cash equivalents at the end of the reporting period	16	106.3
23.8	**Net increase or (decrease) in cash and cash equivalents**		**-79.0**

Statement of accounting policies

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

General

The content, layout and general rules we used to prepare these accounts comply with the Code of Practice on Local Authority Accounting 2023/24 ('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 His Majesty's Revenue and Customs (HMRC). When funds are transferred from the Government's Digital Apprenticeship Account to an approved training provider a training expense up to the value of the training provided, with a corresponding entry for a government grant, will be recognised in the CIES against the service benefiting from the training.

Cash and cash equivalents

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

Contingent assets

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

Contingent liabilities

We identify contingent liabilities where either:

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

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

Employee benefits

<u>Benefits payable during employment</u>

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

<u>Termination benefits</u>

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

<u>Post-employment benefits</u>

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

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

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

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

Events after the Balance Sheet date

We consider any material events that occur between the date of the Balance Sheet and the date the accounts are authorised for issue by the 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 2023/24 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 Pooled Investment Funds Adjustment Account is used to reflect valuation movements of qualifying investments by reversing out the impact on the general fund. This relates to a statutory override in place until 31 March 2025. At this time, or sooner if disposed of, the valuation movement will then be reflected on the General Fund. Those that do not qualify, impact the General Fund each year and we hold an earmarked volatility reserve to reflect the net increase or decrease to date (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.

Income from selling non-current assets

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

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

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

Intangible assets

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

Inventories

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

Investment property

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

Leases

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

<u>Finance leases</u>

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

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

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 in our income, expenditure, assets and liabilities in our financial statements, only that where we are the commissioning body. This will include amounts owed to or owed by the other parties in the pooled budget arrangement to the authority where it is the commissioning body.

Property, plant and equipment

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

Recognition

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

Measurement

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

The closing balances on 31 March 2024 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 40 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 taxpayers 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.

2022/23 (Restated)				2023/24		
Net Expenditure Chargeable to the General Fund £m	**Adjustments Between the Funding and Accounting Basis £m**	**Net expenditure in the Comprehensive Income and Expenditure Statement £m**	**Summary of revenue spending**	**Net Expenditure Chargeable to the General Fund £m**	**Adjustments Between the Funding and Accounting Basis £m**	**Net expenditure in the Comprehensive Income and Expenditure Statement £m**
			Money spent on services			
105.1	35.5	140.6	~ Communities Directorate	123.3	27.3	150.6
204.1	37.0	241.1	~ Children & Young People Directorate	239.1	71.1	310.2
229.7	7.6	237.3	~ Social Care & Health Directorate	259.4	-5.3	254.0
60.9	17.5	78.5	~ Resources Directorate	67.7	15.3	83.0
-99.1	6.7	-92.3	~ Schools	-114.5	-7.2	-121.8
-133.3	85.8	-47.5	~ Corporate Services and Resourcing	-183.5	146.2	-37.3
0.0	-2.3	-2.3	~ Non-distributed costs	0.0	-1.2	-1.2
367.5	**187.8**	**555.3**	**Net cost of services**	**391.4**	**246.2**	**637.6**
-346.0	-129.3	-475.3	~ Other income and expenditure	-362.9	-244.9	-607.7
21.5	**58.5**	**80.0**	**Surplus (-) or deficit on the provision of services**	**28.5**	**1.4**	**29.9**
-5.0	**5.0**		DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis	**-17.1**	**17.1**	
16.5	**63.5**		**Transferred (to) / from General Fund Balances**	**11.4**	**18.5**	
255.6			Opening General Fund Balances	239.1		
-16.5			Surplus or (Deficit) on General Fund Balance in Year	-11.4		
239.1			**Closing General Fund Balance**	**227.7**		

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	2023/24			
	Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Statutory Differences (c) £m	Total Adjustments £m
~ Communities Directorate	28.1	-2.0	1.3	27.3
~ Children & Young People Directorate	68.7	-0.2	2.6	71.1
~ Social Care & Health Directorate	-5.2	-0.1	0.0	-5.3
~ Resources Directorate	14.4	-0.2	1.1	15.3
~ Schools	-1.1	-3.6	-2.5	-7.2
~ Corporate Services and Resourcing	-10.1	0.0	156.3	146.2
~ Non-distributed costs	0.0	-1.2	0.0	-1.2
Net cost of services	**94.8**	**-7.4**	**158.9**	**246.2**
~ Other income and expenditure from the Expenditure and Funding Analysis	-88.4	6.7	-163.3	-244.9
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**6.4**	**-0.7**	**-4.3**	**1.4**
DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis			17.1	17.1
Total for MIRS	**6.4**	**-0.7**	**12.8**	**18.5**

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2022/23 (Restated)			
	Adjustments for Capital Purposes (a) £m	Net change for Pensions Adjustments (b) £m	Other Statutory Differences (c) £m	Total Adjustments £m
~ Communities Directorate	28.1	7.2	0.3	35.5
~ Children & Young People Directorate	25.8	9.0	2.2	37.0
~ Social Care & Health Directorate	1.6	5.5	0.5	7.6
~ Resources Directorate	6.0	10.0	1.6	17.5
~ 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
Net cost of services	**37.4**	**38.8**	**111.7**	**187.8**
~ Other income and expenditure from the Expenditure and Funding Analysis	-41.4	20.2	-108.1	-129.3
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	**-4.0**	**58.9**	**3.6**	**58.5**
DSG Deficit in Year Transferred to DSG Adjustment Account - adjustment between funding and accounting basis			5.0	5.0
Total for MIRS	**-4.0**	**58.9**	**8.6**	**63.5**

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

- **Other operating expenditure** – income received on disposal of assets and the amounts written off on those assets are added;
- **Financing and investment income and expenditure** – statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted; and

- **Taxation and non-specific grant income and expenditure –** credits for capital grants receivable in the year without conditions or for which conditions were satisfied in the year are added.

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

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

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

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

Expenditure and Income Analysed by Nature

2022/23 £m	Expenditure / (Income)	2023/24 £m
	Expenditure:	
421.1	~ Employee expenses	395.7
625.7	~ Other services expenses	747.8
54.2	~ Depreciation and amortisation	59.8
5.0	~ Impairment and revaluation losses (including reductions in fair value of investment property)	3.3
16.0	~ Interest payments	14.3
0.3	~ Precepts and Levies	0.3
45.1	~ Loss on the disposal of assets	29.8
1,167.4	**Total Expenditure**	**1,251.1**
	Income:	
-101.7	~ Fees, charges and other service income from contracts with customers	-118.1
-42.7	~ Other contributions, reimbursements and statutory income	-52.9
-13.1	~ Revaluation gains (Restatement of prior PPE revaluation and impairment losses)	-6.1
-13.3	~ Interest and investment income (including increases in fair value of investment property)	-26.5
-345.1	~ Income from council tax	-364.9
-2.3	~ Pensions Gain on settlements and curtailments	-1.2
-569.2	~ Grants & non domestic rates income	-651.5
-1,087.4	**Total Income**	**-1,221.2**
80.0	**Surplus or Deficit on the Provision of Services**	**29.9**

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

Adjustments between accounting basis and funding basis under regulations 2023/24	General Fund Balance £ m	Capital Receipts Reserve £ m	Capital Grants Unapplied £ m	Movement in Unusable Reserves net spending £ m
Adjustments primarily involving the Capital Adjustment Account				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):				
~ Charges for depreciation of non-current assets	59.6			-59.6
~ Revaluation gains on property, plant and equipment assets	-3.1			3.1
~ Movements in the market value of investment properties	-3.7			3.7
~ Amortisation of intangible assets	0.2			-0.2
~ Capital grants and contributions applied	-125.5			125.5
~ Revenue expenditure funded from capital under statute	65.4			-65.4
~ Amounts of non-current assets written off on disposal to the CIES	32.0			-32.0
Insertion of items not debited or credited to the CIES				
~ Minimum Revenue Provision	-10.1			10.1
~ Capital expenditure charged to the General Fund Balance	-2.1			2.1
Adjustments primarily involving the Capital Grants Unapplied Account				
~ Capital Grants and contributions unapplied credited to the CIES	-1.3		1.3	0.0
~ Application of Capital Grants to the Capital Adjustment Account	0.0		-23.1	23.1
Adjustments primarily involving the Capital Receipts Reserve & the Deferred Capital Receipts Reserve				
~ Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-0.2	0.2		0.0
~ Deferred capital receipts credited as part of the gain/loss on disposal to the CIES	-2.0			2.0
~ Use of Capital Receipts Reserve to finance new capital expenditure	0.0	-0.2		0.2
Adjustments primarily involving the Pensions Reserve				
~ Grant funding of fire fighters' pension liabilities	-4.6			4.6
~ Reversal of net charges made for retirement benefits in accordance with IAS19	51.2			-51.2
~ Employer's pensions contributions and direct payments to pensioners	-47.2			47.2
Adjustments primarily involving the DSG Adjustment Account				
~ Amount of DSG deficit for the year required to be removed from the CIES in accordance with statutory requirements	17.1			-17.1
Adjustments primarily involving the Collection Fund Adjustment Account				
~ Amount by which council tax income credited to the CIES is different from council tax income calculated in accordance with statutory requirements	-2.0			2.0
~ Amount by which business rates income credited to the CIES is different from business rates income calculated in accordance with statutory requirements	-1.3			1.3
Adjustment primarily involving the Pooled Investment Funds Adjustment Account				
~ Unrealised gains and losses of financial instruments which are shown in the CIES but are not charged/credited to the General Fund Balance in accordance with statutory requirements	0.4			-0.4
Adjustment primarily involving the Financial Instruments Adjustment Account				
Amount by which discounts received credited to the Comprehensive Income and Expenditure Statement are different from finance income recognisable in the year in accordance with statutory requirements	-1.7			1.7
Adjustment primarily involving the Accumulated Absences Account				
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-2.4			2.4
Total adjustments	**18.5**	**0.0**	**-21.8**	**3.3**

Adjustments between accounting basis and funding basis under regulations 2022/23	**General Fund Balance** £ m	**Capital Fund** £ m	**Capital Receipts Reserve** £ m	**Capital Grants Unapplied** £ m	**Movement in Unusable Reserves net spending** £ m
Adjustments primarily involving the Capital Adjustment Account					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):					
~ Charges for depreciation of non-current assets	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
Adjustments primarily involving the Capital Grants Unapplied Account					
~ Capital Grants and contributions unapplied credited to the CIES	6.8			-6.8	0.0
~ Application of Capital Grants to the Capital Adjustment Account					
Adjustments primarily involving the Capital Receipts Reserve & the Deferred Capital Receipts Reserve					
~ Cash sale proceeds credited as part of the gain/loss on disposal to the CIES	-1.1		1.1		0.0
~ Deferred capital receipts realised in year	0.0		4.1		-4.1
~ 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
Adjustments primarily involving the Financial Instruments Revaluation Reserve					
~ Unrealised gains and losses of financial instruments which are shown in the CIES but are not charged/credited to the General Fund Balance in accordance with statutory requirements	2.0				-2.0
Adjustments primarily involving the Pensions Reserve					
~ 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
Adjustments primarily involving the DSG Adjustment Account					
~ Amount of DSG deficit for the year required to be removed from the CIES in accordance with statutory requirements	5.0				-5.0
Adjustments primarily involving the Collection Fund Adjustment Account					
~ Amount by which council tax income credited to the CIES is different from council tax income calculated in accordance with statutory requirements	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
Adjustment primarily involving the Accumulated Absences Account					
~ Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.1				-0.1
Total adjustments	**63.3**	**0.2**	**-3.5**	**-6.8**	**-53.2**

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 2023/24 for comparative purposes to reflect changes in the organisation's structure on 1 April 2023. The change in structure is the division of People directorate to create two new directorates. These are Children and Young People directorate and Social Care and Health directorate. The gross income, gross expenditure and net expenditure for the directorates have been restated for 2022/23 to report the comparative prior year information in the same format as the per the revised directorates as reported in 2023/24.

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.

Note 4: Other operating expenditure

2022/23 £ m	Other operating expenditure	2023/24 £ m
0.3	Environment Agency Levy	0.3
45.1	Losses on disposal/transfer of non-current assets	27.4
45.4		**27.6**

The loss on the disposal/transfer of non-current assets in 2023/24 primarily relates to the transfer of 5 schools to academy status.

Note 5: Financing and investment income and expenditure

2022/23 £ m	Financing and investment (income) and expenditure	2023/24 £ m
16.0	Interest payable and similar charges	14.3
24.8	Net interest on the net defined benefit liability	11.8
-7.6	Interest receivable and similar income	-19.6
2.5	Unrealised (gains) or losses on financial assets held at fair value through profit and loss transferred to usable reserves	-0.8
0.0	Discounts on early redemption of debt	-1.9
2.0	Unrealised (gains) or losses on financial assets held at fair value through profit and loss transferred to unusable reserves	0.4
0.5	Increase or (decrease) in Impairments of financial assets	-0.1
-13.4	Trading account income	-14.1
12.8	Trading account expenditure	12.8
-4.5	(Income) and expenditure on investment properties and changes in their fair value	-3.7
0.0	(Gains) or losses on disposal of investment properties	2.6
0.3	Other investment expenditure	0.2
-1.1	Other investment income	-1.3
32.2		**0.6**

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

2022/23 £ m	Taxation and non specific grant (income) and expenditure	2023/24 £ m
-345.1	Council tax income	-364.9
-63.7	Business rates income and expenditure	-72.3
	Non-ringfenced Government grants:	
-5.7	~ Fire Pensions Fund Grant	-5.1
-56.4	~ Revenue grants	-81.9
-82.0	~ Capital grants and contributions	-111.8
-552.9		**-635.9**

Note 7: Transfers to / from earmarked reserves

Movement in earmarked reserves	Balance at 31 March 2022	Transfers		Balance at 31 March 2023	Transfers		Balance at 31 March 2023
		Out	In		Out	In	
	£ m	£ m	£ m	£ m	£ m	£ m	£ m
Schools Balances	23.0	-2.6	0.0	20.4	-3.2	0.0	17.2
External Commitments Reserves	14.3	-2.1	0.6	12.8	-4.7	1.2	9.4
Redundancy Fund	5.8	-0.8	0.0	5.0	-0.1	0.0	4.9
Insurance Fund	8.0	-0.4	1.2	8.8	-0.3	0.0	8.6
DSG Offset Fund	13.7	0.0	8.0	21.7	0.0	17.8	39.5
Investment Funds	31.5	-11.4	6.1	26.2	-8.9	10.7	27.9
Projects and Policies Reserves	8.1	-1.2	1.5	8.4	-2.0	0.5	6.9
Volatility Reserves	40.6	-0.9	7.5	47.2	-2.5	2.6	47.3
Management of Directorate Risk	15.6	-11.6	4.8	8.8	-11.1	16.0	13.7
Covid Grants Reserves	19.3	-17.3	0.0	2.0	-1.5	0.0	0.5
Medium Term Financial Strategy	48.6	-18.6	20.5	50.5	-28.1	3.5	25.9
Total	**228.6**	**-66.9**	**50.2**	**211.9**	**-62.5**	**52.3**	**201.7**

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.

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 £39.5 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 £25.9 million in this reserve at 31 March 2023, £20.4 million is planned to be used as part of the resourcing delivery of our 2024-29 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 2023	772.3	13.3	37.6		3.9	88.4	915.4
Depreciation balance at 1 April 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
Net book value at 1 April 2023	**762.3**	**13.3**	**13.5**	**511.1**	**3.9**	**88.4**	**1,392.5**
Changes in the year							
~ reclassifications	-1.6	1.6	0.0	0.0	0.0	0.0	0.0
~ spending on assets	17.6	0.1	4.4	41.6	0.2	35.1	99.0
~ transfer of assets under construction to operational assets on project completion	9.7	0.0	0.0	14.4	0.0	-24.2	0.0
~ value of assets we have sold/transferred	-28.7	-1.6	-2.6	-0.1	0.0	0.0	-33.1
~ revaluation increases/ (decreases) recognised in the revaluation reserve	14.2	-0.1	0.0	0.0	3.2	0.0	17.3
~ revaluation increases/ (decreases) recognised in the surplus/deficit on the provision of services	6.1	-2.7	0.0	0.0	-0.3	0.0	3.1
Depreciation							
~ reclassifications	0.2	-0.2	0.0	0.0	0.0	0.0	0.0
~ depreciation written out to the revaluation reserve	23.8	0.3	0.0	0.0	0.1	0.0	24.2
~ depreciation written off on disposal	1.1	0.0	2.5	0.0	0.0	0.0	3.6
~ depreciation	-29.5	-0.2	-2.9	-26.9	-0.1	0.0	-59.6
Net book value at 31 March 2024	**775.2**	**10.6**	**14.8**	**540.1**	**7.0**	**99.3**	**1,447.1**
Gross book value at 31 March 2024	789.6	10.6	39.3		7.0	99.3	946.0
Depreciation balance at 31 March 2024	-14.4	0.0	-24.5		0.0	0.0	-38.9
Net book value (modified historical cost)*				540.1			540.1
Net book value at 31 March 2024	**775.2**	**10.6**	**14.8**	**540.1**	**7.0**	**99.3**	**1,447.1**

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

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

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

Property, plant and equipment	Land and buildings £ m	Surplus assets £ m	Vehicles, machinery, furniture and equipment £ m	Roads and bridges* £ m	Country parks and open spaces £ m	Assets under construction £ m	Total £ m
Gross book value at 1 April 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
Net book value at 1 April 2022	**740.6**	**4.6**	**13.1**	**490.4**	**5.3**	**79.2**	**1,333.2**
Changes in the year							
~ 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
Depreciation							
~ 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
Net book value at 31 March 2023	**762.3**	**13.3**	**13.5**	**511.1**	**3.9**	**88.4**	**1,392.5**
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
Net book value at 31 March 2023	**762.3**	**13.3**	**13.5**	**511.1**	**3.9**	**88.4**	**1,392.5**

Our land and building assets include schools, fire stations, libraries, waste disposal sites and other buildings. Assets we have disposed of mainly relate to 5 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 40 years for equipment).

Capital commitments

At 31 March 2024, the authority had entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years. The total of those commitments on capital schemes that were not yet finished, or which we had not finished incurring costs for, is £25.6 million. Similar commitments at 31 March 2023 were £10.7 million.

The largest outstanding commitments are as follows:

1. Oakley Grove School - £12.9 million;
2. A46 Stoneleigh Bridge - £5.5 million; and
3. Highways Maintenance - £5.2 million

Effects of changes in estimates

There have been no material changes to our accounting estimates for property, plant and equipment in 2023/24.

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**	**14.8**	**540.1**	**7.0**	**99.3**	**661.2**
Valued at current value as at:							
31st March 2024	775.2	10.6	0.0	0.0	0.0	0.0	785.9
Total cost or valuation	**775.2**	**10.6**	**14.8**	**540.1**	**7.0**	**99.3**	**1,447.1**

All our assets carried at current value were valued in 2023/24. 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 £540.1 million (2022/23 - £535 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 2024	Land £ m	Buildings £ m	Other Assets £ m	Total £ m	Number of Schools
Community Schools	117.8	216.2	2.0	336.0	64
Voluntary Aided Schools	29.4	37.3	0.0	66.7	16
Voluntary Controlled Schools	35.3	65.7	0.0	101.1	27
Foundation Schools	7.4	28.9	0.0	36.4	4
Net book value at 31 March 2024	**189.9**	**348.2**	**2.0**	**540.1**	**111**

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
Net book value at 31 March 2023	**197.1**	**335.9**	**2.0**	**535.0**	**116**

The number of schools has reduced by 5 which chose to take up academy status in 2023/24. 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 £5.4 million (£5.2 million in 2022/23). There have been no material acquisitions during 2023/24 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 2023 £ m	Investment properties	31 March 2024 £ m
5.7	Balance at the start of the year	13.4
2.3	Reclassifications	0.0
0.9	Additions	0.0
0.0	Disposals	-2.6
4.5	Net gains from fair value adjustments	3.7
13.4	**Balance at the end of the year**	**14.6**

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 2024	0.0	14.6	0.0	14.6
31st March 2023	0.0	13.4	0.0	13.4

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 2024 is £0.2 million (£0.3 million at 31 March 2023). The carrying amount is amortised on a straight-line basis. The amortisation of £0.2 million (£0.9 million in 2022/23) was charged to revenue in 2023/24.

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 2023			31 March 2024		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Investments:						
~ Fair Value through Profit and Loss	29.4	10.0	39.4	0.0	39.9	39.9
~ Amortised cost	252.0	12.0	264.0	164.8	64.9	229.6
~ Fair value through other comprehensive income - designated equity instruments	0.0	2.6	2.6	0.0	3.2	3.2
Total investments	**281.4**	**24.6**	**306.0**	**164.8**	**107.9**	**272.7**
Debtors - at amortised cost:						
~ Amortised cost	0.3	4.6	4.9	1.8	9.4	11.2
~ Financial assets carried at contract amounts	77.9	0.0	77.9	95.2	0.0	95.2
Total Debtors	**78.2**	**4.6**	**82.8**	**97.0**	**9.4**	**106.4**
Cash:						
~ Cash and cash equivalents	185.3	0.0	185.3	106.3	0.0	106.3
Total Cash	**185.3**	**0.0**	**185.3**	**106.3**	**0.0**	**106.3**
Total Financial assets	**544.9**	**29.3**	**574.2**	**368.1**	**117.3**	**485.4**

Financial Liabilities	31 March 2023			31 March 2024		
	Current £m	Long-term £m	Total £m	Current £m	Long-term £m	Total £m
Borrowings:						
~ Financial liabilities at amortised cost	0.0	321.4	321.4	7.0	272.4	279.4
Total Borrowings	**0.0**	**321.4**	**321.4**	**7.0**	**272.4**	**279.4**
Creditors - amortised cost						
~ Financial liabilities at contractual amounts	84.5	0.0	84.5	87.2	0.0	87.2
Total Creditors	**84.5**	**0.0**	**84.5**	**87.2**	**0.0**	**87.2**
Total Financial Liabilities	**84.5**	**321.4**	**405.9**	**94.2**	**272.4**	**366.6**

Reconciliation to Balance Sheet carrying amounts	2022/23 £m	2023/24 £m
Short Term Debtors that are financial instruments	78.2	97.0
Short Term Debtors that are not financial instruments	33.6	35.8
Total Debtors	**111.8**	**132.8**
Short Term Creditors that are financial instruments	84.5	87.2
Short Term Creditors that are not financial instruments	84.6	87.6
Total Creditors	**169.1**	**174.8**

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 £229.6 million (£264 million in 2022/23) 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 £39.9 million (£39.4 million in 2022/23) 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 2023/24 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 below.

Financial Instruments - Fair value 31 March 2024	**Valued at Cost £ m**	**Quoted Market Price - Level 1 £ m**	**Using Observable Inputs - Level 2 £ m**	**Unobservable Inputs - Level 3 £ m**	**Total £ m**
Financial Assets:-					
Investments:					
- Amortised Cost - other	229.6	0.0	0.0	0.0	229.6
- Fair Value through Profit and Loss	0.0	39.9	0.0	0.0	39.9
- Fair value through other comprehensive income - designated equity instruments	0.0	0.0	0.0	3.2	3.2
Debtors:					
- Amortised Cost - other	0.0	0.0	11.2	0.0	11.2
- Financial assets carried at contractual amounts (deemed to be fair value)	95.2	0.0	0.0	0.0	95.2
Cash:					
- Cash and Cash Equivalents - deemed to be fair value	36.2	70.1	0.0	0.0	106.3
Total Financial Assets	**361.0**	**110.0**	**11.2**	**3.2**	**485.4**
Financial Liabilities:-					
Borrowings:-					
- Financial liabilities carried at amortised cost	0.0	0.0	278.7	0.0	278.7
Creditors:-					
- Financial liabilities carried at contractual amounts (deemed to be fair value)	87.2	0.0	0.0	0.0	87.2
Total Financial Liabilities	**87.2**	**0.0**	**278.7**	**0.0**	**365.8**

Financial Instruments - Fair value 31 March 2023	Valued at Cost £ m	Quoted Market Price - Level 1 £ m	Using Observable Inputs - Level 2 £ m	Unobservable Inputs - Level 3 £ m	Total £ m
Financial Assets:-					
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 - other	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
Total Financial Assets	**397.8**	**168.8**	**4.9**	**2.6**	**574.2**
Financial Liabilities:-					
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
Total Financial Liabilities	**84.5**	**0.0**	**339.5**	**0.0**	**424.0**

Interest paid and investment income received	(Surplus)/Deficit on the Provision of Services		Other Comprehensive Income and Expenditure	
	2022/23 £m	2023/24 £m	2022/23 £m	2023/24 £m
Net (gains) and losses				
~ Financial assets measured at fair value through profit and loss	4.5	-0.4	0.0	0.0
~ Investment in equity instrument designated at fair value through other comprehensive income	0.0	0.0	-0.5	-0.6
Total net gains	**4.5**	**-0.4**	**-0.5**	**-0.6**
Interest Revenue				
~ Financial assets measured at amortised cost	-7.6	-19.6	0.0	0.0
Total Interest Revenue	**-7.6**	**-19.6**	**0.0**	**0.0**
Interest Expense				
~ Financial liabilities measured at amortised cost	16.0	14.3	0.0	0.0
Total Interest Expense	**16.0**	**14.3**	**0.0**	**0.0**

Financial Assets	31 March 2023		31 March 2024	
	Carrying Amount £ m	Fair Value £ m	Carrying Amount £ m	Fair Value £ m
Financial assets held at amortised cost	264.0	264.0	229.6	229.6
Financial assets at fair value through profit and loss	39.4	39.4	39.9	39.9
Cash and cash equivalents	185.3	185.3	106.3	106.3
Fair value through other comprehensive income - designated equity instruments	2.6	2.6	3.2	3.2
Debtors carried at amortised cost	0.3	0.3	1.8	1.8
Debtors carried at contractual amounts	77.9	77.9	95.2	95.2
Long term debtors - amortised cost	4.6	4.6	9.4	9.4
Total	**574.2**	**574.2**	**485.4**	**485.4**

Financial Liabilities	31 March 2023		31 March 2024	
	Carrying Amount £ m	Fair Value £ m	Carrying Amount £ m	Fair Value £ m
Financial liabilities held at amortised cost	321.4	339.5	279.4	278.7
Financial liabilities at contractual amounts	84.5	84.5	87.2	87.2
Total	**405.9**	**424.0**	**366.6**	**365.8**

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

Our activities expose us to a variety of financial risks:

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

Our overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Financial risk management is carried out by a central treasury management team, under policies approved by the Council annually in the Treasury Management Strategy, available 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:

2022/23 £ m	Loans we have not yet repaid	2023/24 £ m
	We owe money to:	
321.4	~ Public Works Loans Board	279.4
321.4	**Total**	**279.4**
	When we will pay the money back:	
0.0	Less than 1 year	7.0
0.0	Between 1 and 2 years	0.0
0.0	Between 2 and 5 years	8.0
22.0	Between 5 and 10 years	25.0
299.4	More than 10 years	239.4
321.4	**Total**	**279.4**

Our level of borrowing is due to paying for capital spending in previous years. We have not borrowed any money from external sources in 2023/24 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 2024, 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 £32.9 million (£44.9 million in 2022/23).

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. The current value of the shareholding is £3.2 million (£2.6 million in 2022/23). 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 2023/24 this amounted to a gain of £0.6 million (£0.5 million in 2022/23). 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 2024 we recognised a total gain of £0.4 million in the CIES (loss of £4.5 million in 2022/23). 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 effect the General Fund, as they are reversed in the MIRS and placed in the unusable Pooled Investment Funds Adjustment Account until the investment is either sold or de-recognised; £0.4 million loss in 2023/24. 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; £0.8 million gain in 2023/24 (£2.5 million loss 2022/23).

Treasury management

We comply with the CIPFA Prudential Code and the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance, issued through the Local Government Act 2003.

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 2023 £ m	Short-term debtors	31 March 2024 £ m
26.3	Trade Receivables	33.5
8.8	VAT	5.8
15.2	Other Public Sector Debtors	14.4
25.0	Council Tax and Non Domestic Rates - Taxpayers	27.5
3.0	Council Tax and Non Domestic Rates - Local authorities	3.9
-6.8	Council Tax and Non Domestic Rates - Bad Debt Provision	-7.2
0.4	Prepayments in relation to capital contracts	0.0
3.2	Prepayments to External Organisations and Individuals	5.8
26.5	Social Care Debtors	34.3
6.7	Capital debtors from External Organisations and Individuals	8.3
9.1	Other debtors	11.3
-5.6	Bad Debt Provision	-4.7
111.8	**Balance at the end of the year**	**132.8**

Note 16: Cash and cash equivalents

31 March 2023 £ m	Cash and cash equivalents	31 March 2024 £ m
28.1	Cash held by the authority (including schools and imprest accounts)	19.8
147.2	Bank current accounts (call accounts and instant access deposit accounts)	86.6
10.0	Short-term deposits with building societies and other institutions 3 months or less maturity	0.0
185.3	**Balance at the end of the year**	**106.3**

Note 17: Creditors

31 March 2023 £ m	Short-term Creditors	31 March 2024 £ m
15.0	Trade Payables	16.5
5.8	Social Security Costs	6.2
8.0	Other Public Sector accruals	6.2
5.6	Council Tax and Non Domestic Rates - Taxpayers	5.5
12.7	Council Tax and Non Domestic Rates - Local authorities	12.8
9.7	Accumulated Absences	7.3
50.8	Receipts in Advance	55.9
10.8	Other accruals in relation to capital contracts	16.0
50.7	Other accruals to External Organisations and Individuals	48.5
169.1	**Balance at the end of the year**	**174.8**

Note 18: Provisions

Our provisions total £6.7 million (£7.6 million 2022/23).

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 (31 March 2023: £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 £3.8 million (31 March 2023: £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 (31 March 2023: £0.6 million) has been included.

All other provisions, totalling £0.2 million (31 March 2023: £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 2023 £ m	Usable reserves	31 March 2024 £ m
26.0	General Fund	26.0
211.9	Earmarked Reserves	201.7
1.2	Capital Fund	0.0
0.0	Capital Receipts Reserve	0.0
23.1	Capital Grants Unapplied	1.3
262.2	**Total usable reserves**	**229.0**

Note 20: Unusable Reserves

31 March 2023 £ m	Unusable reserves	31 March 2024 £ m
307.9	Revaluation Reserve	327.6
848.4	Capital Adjustment Account	881.1
0.0	Deferred Capital Receipts Reserve	2.0
0.0	Financial Instruments Adjustment Account	1.7
2.4	Financial Instruments Revaluation Reserve	3.0
0.0	Pooled Investment Funds Adjustment Account	-0.4
-9.7	Accumulated Absences Reserve	-7.3
-1.2	Collection Fund Adjustment Account	2.0
-16.1	Dedicated Schools Grant Adjustment Account	-33.2
-255.9	Pensions Reserve	-285.1
875.7	**Total unusable reserves**	**891.5**

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 2023 £ m	Revaluation Reserve	31 March 2024 £ m
269.9	Balance on 1 April	307.9
66.4	Revaluation increases	48.0
-6.4	Revaluation decreases	-6.3
-11.0	Depreciation adjustment to Capital Adjustment Account	-14.3
-10.9	Revaluation written off on disposal	-7.7
307.9	**Balance on 31 March**	**327.6**

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 2023 £ m	Capital Adjustment Account	31 March 2024 £ m
808.2	Balance on 1 April	848.4
4.6	Revaluation increase - Investment Properties	3.7
-6.2	Revaluation decrease	-8.0
19.2	Reversal of previous impairments	11.1
11.0	Depreciation adjustment to Revaluation Reserve	14.3
10.9	Revaluation written off on disposal	7.7
-46.2	Value of asset disposals	-32.0
-26.7	Transfer of spending on assets we do not own	-65.4
-54.2	Depreciation charge to revenue	-59.8
10.5	Minimum revenue provision (MRP)	10.1
117.4	Money used to buy assets	150.9
848.4	**Balance on 31 March**	**881.1**

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 2023 £ m	Deferred Capital Receipts reserve	31 March 2024 £ m
4.1	Balance on 1 April	0.0
0.0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the comprehensive Income and Expenditure Statement	2.0
-4.1	Transfer to the Capital Receipts Reserve upon receipt of cash	0.0
0.0	**Balance on 31 March**	**2.0**

Financial Instruments Adjustment Account

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The authority uses the account to manage discounts received on the early redemption of loans. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund balance to the account in the Movement in Reserves Statement. Over time, the income is posted back to the General Fund balance in accordance with statutory arrangements for spreading the benefit on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed. As a result, the discount received in 2023/24 will be credited to the General Fund over a period of 10 years.

31 March 2023 £ m		Financial Instruments Adjustment Account	31 March 2024 £ m	
	0.0	Balance on 1 April		0.0
0.0		Discounts received in the year and credited to the Comprehensive Income and Expenditure Statement	1.9	
0.0		Proportion of discounts received to be credited to the General Fund balance in accordance with statutory requirements	-0.2	
	0.0	Amount by which discounts received credited to the Comprehensive Income and Expenditure Statement are different from finance income recognisable in the year in accordance with statutory requirements		1.7
	0.0	**Balance on 31 March**		**1.7**

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. 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 2023 £ m	Financial Instrument Revaluation Reserve	31 March 2024 £ m
4.0	Opening Balance	2.4
0.5	Upward revaluation of investments	0.6
-2.0	Downward revaluation of investments	-0.1
2.4	**Balance at 31 March**	**3.0**

Pooled Investment Funds Adjustment Account

The Pooled Investment Funds Adjustment Account is a mechanism that is required by the capital finance and accounting regulations in England and Wales to hold the fair value movements in those pooled investment funds specified by the regulations. The difference between the amount charged or credited in the year to surplus or deficit on the provision of services in accordance with the Code and the amount charged or credited to the General Fund in accordance with regulations should be debited or credited to the General Fund balance with the double entry going to the pooled investment funds adjustment account such that the General Fund is charged or credited with the amount that accords with the applicable regulations.

31 March 2023 £ m	Pooled Investment Funds Adjustment Account	31 March 2024 £ m
0.0	Opening Balance	0.0
0.0	Fair value movements transferred to/from the General Fund in accordance with the statutory requirements	-0.4
0.0	**Balance at 31 March**	**-0.4**

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 2023 £ m		Movement in Accumulated Absences Account	31 March 2024 £ m	
	-9.6	Balance on 1 April		-9.7
9.6		Settlement or cancellation of accrual made at the end of the preceding year	9.7	
-9.7		Amounts accrued at the end of the current year	-7.3	
	-0.1	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		2.4
	-9.7	**Balance on 31 March**		**-7.3**

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 2023 £ m	Movement in Collection Fund Adjustment Account	31 March 2024 £ m
0.2	Balance on 1 April	-1.2
-0.8	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	2.0
-0.6	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	1.3
-1.2	**Balance on 31 March**	**2.0**

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 2023 £ m	Dedicated Schools Grant (DSG) Adjustment Account	31 March 2024 £ m
-11.1	Balance on 1 April	-16.1
-5.0	Deficit on Schools Budget for the year	-17.1
-16.1	**Balance on 31 March**	**-33.2**

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 2023 £ m	Pensions Reserve - All Schemes	On 31 March 2024 £ m
-901.1	Balance as 1 April	-255.9
703.8	Remeasurements of net defined (liability)/asset	96.7
-108.2	Reversal of net charges made for retirement benefits	-51.2
44.0	Employer's pension contributions and direct payments to pensioners payable in the year	47.2
5.5	Grant funding of firefighters' pensions liabilities	4.6
0.0	Asset Ceiling Adjustment (LGPS)	-126.6
-255.9	**Balance at 31 March**	**-285.1**

Note 21: Cash Flow Statement – operating activities

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

31 March 2023 £m		31 March 2024 £m
53.3	Depreciation	59.6
-17.6	Impairment and downward valuations	-6.9
0.9	Amortisation	0.2
0.5	Increase/(decrease) in provision for expected credit loss	0.1
24.1	Increase/(decrease) in creditors	6.7
-9.4	(Increase)/decrease in debtors including bad debt provision	-11.9
-0.1	(Increase)/decrease in inventories	-0.1
58.9	Movement in pension liability	-0.7
46.2	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	32.0
4.6	Other non-cash items charged to the net surplus or deficit on the provision of services	-3.3
161.4	**Total**	**75.7**

The cash flows for operating activities include the following items:

31 March 2023 £m		31 March 2024 £m
6.3	Interest received	8.3
-16.0	Interest paid	-7.3
1.1	Dividends received	1.3

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

31 March 2023 £m		31 March 2024 £m
-1.1	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-2.3
-99.7	Any other items for which the cash effects are investing or financing cash flows	-126.8
-100.8	**Total**	**-129.1**

Note 22: Cash Flow Statement – investing activities

31 March 2023 £ m	Cash flows from investing activities	31 March 2024 £ m
-91.5	Purchase of property,plant and equipment, investment property and intangible assets	-99.8
-241.6	Purchase (-) of short-term and long-term investments	-212.5
260.0	Proceeds of short-term and long-term investments	250.0
-2.0	Other receipts or payments (-) for investing activities	-13.9
5.2	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0.2
113.2	Other receipts from investing activities - capital grants	128.1
43.3	**Net cash flows from investing activities**	**52.1**

Note 23: Cash Flow Statement – financing activities

31 March 2023 £ m	Cash flows from financing activities	31 March 2024 £ m
0.0	Repayments of short and long term borrowing	-47.1
0.0	Other payments for financing activities	-0.7
0.0	**Net cash flows from financing activities**	**-47.8**

Note 24: Grant Income

We credited the following grants to the CIES in 2023/24:

2022/23 £ m	Grant income	2023/24 £ m
	Revenue grants credited to Services:	
246.7	Dedicated Schools Grant	258.8
10.2	Pupil Premium Grant	10.8
7.0	Other Schools Grants	11.0
7.7	Asylum Seekers Grant	6.1
0.0	Leaving Care Grant	2.8
24.3	Public Health Grant	25.1
3.7	Universal Infant Free School Meals	4.0
0.9	Adult & Community Learning	1.5
1.9	Hospital Discharge Grant	2.1
15.3	Better Care Fund	16.1
7.0	Household Support Grant	6.9
0.0	UK Shared Prosperity Fund	1.0
1.0	Bus Service Operators Grant	1.0
2.2	School PE Grant	2.0
1.3	Holiday Activities and Food Programme	1.7
3.0	Homes for Ukraine	5.0
1.0	Domestic Abuse Support Grant	0.0
0.7	Refugees Re-settlement Grants	0.9
9.9	Other revenue grants	8.5
343.6	**Total revenue grants**	**365.5**
	Capital grants and contributions credited to services:	
5.1	Disabled Facilities Grant	5.6
0.3	Building Digital UK (BDUK)	0.3
0.6	Contribution from other local authorities	0.6
10.0	Private developer funding	7.4
1.6	Other grants/contributions	1.1
17.7	**Total capital grants and contributions**	**15.0**
361.3	**Total**	**380.4**

2022/23 £ m	Grant income	2023/24 £ m
	Revenue grants credited to Taxation and Non Specific Grant Income:	
9.9	Business Rates Retention/Compensation Scheme	17.6
32.6	Adult Social Care & Better Care Fund	45.4
0.0	Domestic Abuse Support Grant	1.1
0.0	Market Sustainability Grant	8.6
2.4	New Homes Bonus	1.5
1.8	Independent Living Fund Grant	0.0
1.4	Tackling Troubled Families	1.5
1.2	Fire Service Pensions Grant	1.2
5.7	Fire Pension Fund Grant	5.1
7.1	Other Grants	5.1
62.1	**Total revenue grants**	**87.0**
	Capital grants and contributions credited to Taxation and Non Specific Grant Income:	
1.3	Devolved Formula Capital	1.3
19.5	Schools Maintenance and Basic Need	54.5
2.9	Network Rail	0.0
1.0	BDUK	0.0
19.6	Local Transport Plan and other transport grants	19.3
11.0	Contribution from other local authorities	0.0
26.4	Private developer funding	33.3
0.2	Other grants/contributions	3.4
82.0	**Total capital grants and contributions**	**111.8**
144.1	**Total**	**198.8**

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 2023 £ m		31 March 2024 £ m
	Short-term grant receipts in advance - revenue	
2.0	Refugees Re-settle in Warwickshire	2.0
10.3	Homes for Ukraine	8.1
1.0	Rural Mobility Fund	0.0
0.0	Bus Service Operators Grant	1.7
3.9	Other grants	4.6
17.2	**Total revenue grants**	**16.4**
	Long-term grant receipts in advance - capital	
2.0	Devolved Formula Capital	1.2
2.4	Grant from Other Local Authorities	0.9
0.0	Building Digital UK (BDUK)	2.4
93.5	Private developer funding and capital receipt deposits	89.0
12.8	Other grants/contributions	12.9
110.7	**Total capital grants**	**106.4**
127.9	**Total**	**122.8**

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

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

- IFRS 16 Leases – issued in January 2016
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) – issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) – issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) – issued in October 2022
- International Tax Reform: Pilar Two Model Rules (Amendments to IAS 12) – issued in May 2023

These standards all apply to local authority accounts in 2024/25. They are not expected to have a material effect on the authority's financial statements, with the exception of IFRS 16: Leases, which is outlined below.

<u>IFRS 16 Leases:</u>

The standard will be implemented by Warwickshire County Council on 1st April 2024. Its implementation will first be reflected in the 2024/25 Statement of Accounts.

IFRS 16: Leases replaces IAS 17, the existing leases standard. The largest implication of the change in standard is that the concept of "operating lease" no longer exists for lessees. Instead, any arrangement where the Council leases an asset or is deemed to have a right of use asset as part of a contractual arrangement, will see the assets reflected within fixed assets in the Council's balance sheet. The net present value of the future lease payments will be reflected in the balance sheet under the classification of finance lease liabilities.

This will see the Council recognising additional fixed assets and finance lease liabilities. Where fixed assets have no associated lease obligations there will be recognition of donation income in respect of the asset value brought into the balance sheet. The impact on the financial statements cannot be estimated on a reasonable basis at this time.

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 2024 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 2024, the carrying value of Property Plant and Equipment is £1,447.1 million. The depreciation charge in 2023/24 was £59.6 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 £4.4 million for every year that useful lives are reduced.
Inflation	We continue to face material inflationary increases for the first time in decades. The key elements that could be negatively impacted include:	We have £227.7m of general fund revenue reserves and £271.1m of cash and short-term investments at 31 March 2024. A significant proportion of these could be used/redirected to meet any immediate funding shortfall. Any

	• The fair value of our assets and investments – through the impact in the value of our investments and the increased cost of delivering new investments/assets impacting on the amount of investment we can undertake; • The level of reserves we use compared to our plans to meet any increased costs and/or demand for our services compared to our plans; and The net pensions liability through the impact on both the estimation of liabilities and the expected return on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	material use would require a review of our medium-term spending and investment plans. Our long-term investments and investment property equate to 7.7% of our total long-term assets at 31 March 2024. A decrease in value of these assets will not affect the underlying strength of our asset base. £149.7m 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. 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 £15.0m.
Pensions liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the authority with expert advice about the assumptions to be applied.	As at 31 March 2024, our total LGPS pension liability is £1,399.3 million. 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 £26.2 million. See note 37 for further examples.
McCloud and Sargeant Judgements	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.	At 31 March 2024, the total pension liability (all schemes) is £1,665.9 million. A 1% change in the employer's liability as a result of the final remedy would change our pension liabilities by £16.7m.
Fair Value	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). For Level 2 inputs we use quoted prices for similar assets or liabilities in active markets at the balance sheet date. Where possible the inputs to these valuation techniques are based on observable data, but where this is not possible, judgement is required in establishing fair values.	At 31 March 2024, the carrying value of Investment Properties is £14.6 million. The value of level 2 financial liabilities is £278.7 million and the value of level 2 and level 3 financial assets are £11.2 million and £3.2 million respectively. 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.

	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.	

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.

2022/23 £ m	Capital financing requirement	2023/24 £ m
267.4	Opening requirement	256.8
	Capital investment:	
88.3	- Property, plant & equipment	99.0
0.0	- Intangible assets	0.1
0.9	- Investment property	0.0
1.4	- Long term debtors relating to capital transactions	11.0
26.8	- Revenue spending from capital under statute	65.4
117.4	**Total capital investment**	**175.5**
	Sources of finance:	
-8.7	- Capital receipts	-5.9
-106.4	- Government grants and other contributions	-148.6
	- Sums set aside from revenue:	
-2.3	- Direct revenue contributions	-2.1
-10.5	- MRP	-10.1
-127.9	**Total sources of income**	**-166.7**
256.8	**Closing capital financing requirement**	**265.7**

2022/23 £ m	Explanation of movements in the year	2023/24 £ m
-10.6	Change in underlying need to borrow	8.9
-10.6	**Increase/decrease(-) in Capital Financing Requirement**	**8.9**

Note 28: Critical judgements in applying accounting policies

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

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

- 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 2023/24 was £260.6 million (made under section 14 of the Education Act 2002). This amount includes £2.2 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. 2022/23, thus creating a comparable position to the statutory funding basis for the 2023/24 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 2024/25 and will be shown in the table as an in-year adjustment. The £0.9m in-year adjustment shown in the table is £0.4m additional DSG income relating to the final in-year adjustment for 2022/23 and £0.5m NNDR adjustments relating to 2023/24.

The deficit on the high needs DSG is £39.5m at 31 March 2024 (£20.4m at 31 March 2023). 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 2023/24 are shown below.

2022/23		2023/24		
Total		**Central Spending**	**Individual schools budget (ISB)**	**Total**
£ m		**£ m**	**£ m**	**£ m**
523.6	Final DSG for the year before Academy recoupment	81.3	481.6	562.9
-274.8	Less Academy recouped for the year	0.0	-302.3	-302.3
248.8	**Total DSG after Academy recoupment for the year and agreed initial budget distribution in the year.**	**81.3**	**179.3**	**260.6**
0.0	Plus DSG brought forward from the previous year	0.0	0.0	0.0
0.0	Less DSG Carry forward to next year agreed in advance	0.0	0.0	0.0
248.8	**Agreed initial budgeted distribution in the year**	**81.3**	**179.3**	**260.6**
0.5	In year Adjustments	0.0	0.9	0.9
249.3	**Final budgeted DSG distribution for the year**	**81.3**	**180.2**	**261.5**
-78.8	Actual central spending for the year	-99.6	0.0	-99.6
-175.5	Actual ISB deployed to schools	0.0	-179.0	-179.0
0.0	Our contribution in the year	0.0	0.0	0.0
-5.0	**Under/Over(-) spend for the year (carried forward)**	**-18.3**	**1.2**	**-17.1**

-11.1	**DSG unusable reserve brought forward at 1 April**	**-16.1**
-5.0	Addition to DSG unusable reserve in year	-17.1
-16.1	**Total of DSG unusable reserve carried forward at 31 March**	**-33.2**
-16.1	**Net DSG position carried forward at 31 March**	**-33.2**

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, 5 Warwickshire schools chose to take up the new academy status in 2023/24 and a further 17 Warwickshire schools are anticipated to also convert to academy status in 2024/25. 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 2024 will be in the region of £90.5 million.

Note 31: External audit costs

We expect to incur costs of £0.295 million (£0.140 million in 2022/23) in relation to the audit of the 2023/24 Statement of Accounts and £0.013 million (£0.010 million in 2022/23) 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 £0.010 million in 2023/24 (£0.008 million in 2022/23).

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 2023 £ m	Operating lease period	31 March 2024 £ m
1.7	Not later than 1 year	2.5
4.3	Later than 1 year and not later than 5 years	7.3
10.7	Later than 5 years	26.7
16.7	**Total**	**36.4**

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 £0.895 million (£0.863 million in 2022/23) in allowances and £0.036 million (£0.037 million in 2022/23) in expenses. In addition, we paid independent and co-opted members allowances and expenses of £0.015 million (£0.013 million in 2022/23). No single member was paid more than £50,000 during the year. Further details of allowances and expenses payments made to Elected Members in 2023/24 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.

2022/23 (Restated)	Remuneration Band	2023/24
Number of Staff		Number of Staff
161	£50,000 - £54,999	306
135	£55,000 - £59,999	104
83	£60,000 - £64,999	130
69	£65,000 - £69,999	61
37	£70,000 - £74,999	71
19	£75,000 - £79,999	30
27	£80,000 - £84,999	24
12	£85,000 - £89,999	22
4	£90,000 - £94,999	13
7	£95,000 - £99,999	10
4	£100,000 - £104,999	1
5	£105,000 - £109,999	4
3	£110,000 - £114,999	3
0	£115,000 - £119,999	1
2	£120,000 - £124,999	1
0	£125,000 - £129,999	0
1	£130,000 - £134,999	1
0	£135,000 - £139,999	2
1	£140,000 - £144,999	0
1	£145,000 - £149,999	0
571		**784**

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)	2022/23	200,525	0	200,525	39,503	240,028
	2023/24	209,745	0	209,745	41,320	251,065
Executive Director for Resources - Rob Powell (Section 151 Officer)	2022/23	155,531	0	155,531	30,640	186,171
	2023/24	162,570	0	162,570	32,026	194,596
Executive Director for Children & Young People - Nigel Minns (Director of Children's Services)	2022/23	155,531	0	155,531	30,640	186,171
	2023/24	162,570	0	162,570	32,026	194,596
Executive Director for Communities - Mark Ryder	2022/23	151,760	0	151,760	29,897	181,657
	2023/24	162,534	0	162,534	32,019	194,553
Executive Director for Social Care and Health	2022/23	119,035	0	119,035	23,450	142,485
	2023/24	131,901	0	131,901	25,985	157,886
Chief Fire Officer	2022/23	135,564	0	135,564	39,042	174,606
	2023/24	140,709	0	140,709	40,386	181,094
Director of Public Health	2022/23	115,603	0	115,603	22,774	138,377
	2023/24	124,271	0	124,271	24,481	148,752
Chief Education Officer Note 1, Note 2	2022/23	69,681	70,000	139,681	12,030	151,711
	2022/23	9,303	0	9,303	1,833	11,136
	2023/24	119,950	0	119,950	23,630	143,580
Director of Adult Social Services	2022/23	124,262	0	124,262	24,480	148,742
	2023/24	129,785	0	129,785	25,568	155,352
Director of Strategy, Planning and Governance (Monitoring Officer)	2022/23	124,262	0	124,262	24,480	148,742
	2023/24	129,785	0	129,785	25,568	155,352
Total 2022/23		**1,361,058**	**70,000**	**1,431,058**	**278,767**	**1,709,826**
Total 2023/24		**1,473,819**	**0**	**1,473,819**	**303,008**	**1,776,828**

Note 1 Chief Education Officer: 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 Mar 2023 on an annualised salary of £111,630.

Note 2 Chief Education Officer: An interim Assistant Director for Education was also in post from April 2022 to March 2023, receiving payment of £154,743.

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

A number of employees left during 2023/24. Exit packages agreed within 2023/24 totalled £0.4 million (£0.6 million in 2022/23). No packages agreed in 2023/24 relates to senior employees. 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	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	22	5	0	10	22	15	0.134	0.120
£20,001 - £40,000	1	3	0	2	1	5	0.021	0.145
£40,001 - £60,000	3	0	0	1	3	1	0.157	0.042
£60,001 - £80,000	1	0	0	0	1	0	0.070	0.000
£80,001 - £100,000	0	0	0	0	0	0	0.000	0.000
£100,001 - £150,000	0	0	0	1	0	1	0.000	0.138
£150,001 - £200,000	0	0	0	0	0	0	0.000	0.000
£200,001 - £250,000	0	0	1	0	1	0	0.227	0.000
	27	**8**	**1**	**14**	**28**	**22**	**0.609**	**0.444**

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 2024.

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 £16.9 million in 2023/24 (£16.4 million in 2022/23).

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 2023/24 the payments relating to added pensionable years came to £3.4 million (£3.1 million in 2022/23).

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 2023/24, pension payments totalled £8.8 million (£7.9 million in 2022/23). Costs relating to early retirement totalled £1.5 million in 2023/24 (£1.9 million in 2022/23).

The estimated employer's contributions for Fire Fighters pension for the period to 31st March 2025 is approximately £4.1 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 2023/24 we paid £0.1 million (£0.1 million in 2022/23) 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 / borough 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 2023/24, we made normal employer's contributions totalling £38.7 million (£36.3 million in 2022/23).

We are also responsible for all pension payments relating to benefits we have awarded for added years, together with related increases. In 2023/24, these came to £1.0 million (£1.0 million in 2022/23). The estimated employer's contribution for the period to 31st March 2025 is £38.7 million.

The value of our LGPS assets at 31 March 2024 is based on the market value at 31 March 2024. The movement in our LGPS assets in the year is as shown below:

31 March 2023 £ m	Change in Fair Value of WCC Share of LGPS Assets	31 March 2024 £ m
1,397.2	Fair value of assets at the beginning of the year	1,398.2
-2.3	Effect of settlements	-1.9
37.7	Interest Income on plan assets	66.3
-37.5	Remeasurements on assets	48.4
37.3	Employers' contributions (including receipts covering early retirements)	39.7
11.3	Member contributions	12.0
-45.4	Benefits/transfers paid	-55.3
1,398.2	**Fair value of assets at the end of the year**	**1,507.4**

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

31 March 2023			31 March 2024	
Quoted prices in active markets £ m	Quoted prices not in active markets £ m	LGPS Assets	Quoted prices in active markets £ m	Quoted prices not in active markets £ m
0.0	0.6	**Equity securities:**	0.0	0.0
172.0	51.7	**Debt Securities:**	170.4	58.4
0.0	103.5	**Private equity:**	0.0	107.0
		Real estate:		
128.6	0.0	UK property	109.7	0.0
0.0	0.0	Overseas property	15.1	0.0
		Investment funds and unit trusts:		
701.3	0.0	Equities	853.5	0.0
125.8	0.0	Bonds	0.0	0.0
0.0	97.9	Infrastructure	0.0	137.5
16.8	0.0	**Cash and cash equivalents**	55.8	0.0
1,144.6	**253.7**	**Totals**	**1,204.6**	**302.8**

The expected return on scheme assets does not affect the Balance Sheet position as at 31 March 2024 but will affect the reported pension cost for the following year. It is based on market expectations at the beginning of the financial period for returns over the life of the obligation. This requires the consideration of the composition of the Scheme's assets and the potential returns of different asset classes. The assumption used is the average of the assumptions appropriate to the individual asset classes weighted by the proportion of the assets in the particular asset class.

The Impact of Pensions in our Accounts

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

31 March 2023					Pension scheme accounting	31 March 2024				
LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury £m	Total £m		LGPS £m	Teachers £m	Fire fighters £m	Fire fighter Injury £m	Total £m
					Spending:					
80.4	0.0	4.7	0.6	85.7	Current service cost	38.7	0.0	1.5	0.3	40.5
-2.3	0.0	0.0	0.0	-2.3	Effects of Settlement	-1.2	0.0	0.0	0.0	-1.2
52.6	1.1	8.0	0.7	62.5	Interest cost	65.7	1.7	9.9	0.9	78.1
-37.7	0.0	0.0	0.0	-37.7	Interest income on plan assets	-66.3	0.0	0.0	0.0	-66.3
93.0	**1.1**	**12.7**	**1.3**	**108.2**	**Net charge to CIES**	**36.9**	**1.7**	**11.4**	**1.2**	**51.2**
					Contribution from Pensions Reserve:					
545.2	7.1	85.8	7.0	645.1	Movement on the Pensions Reserve	-30.5	-0.5	1.7	0.1	-29.2
-601.0	-5.1	-90.1	-7.7	-703.8	Re-measurements recognised in CIES	-93.3	2.2	-5.1	-0.6	-96.7
n/a	n/a	-5.5	n/a	-5.5	Funded by Government top up grant	n/a	n/a	-4.6	n/a	-4.6
0.0	0.0	0.0	0.0	0.0	Asset ceiling adjustment (LGPS)	126.6	n/a	n/a	n/a	126.6
-55.7	**2.0**	**-9.8**	**-0.7**	**-64.2**	**Contribution (from) Pensions Reserve**	**2.8**	**1.8**	**-8.0**	**-0.5**	**-4.0**
					Actual amount charged against council tax:					
37.3	n/a	2.9	n/a	40.3	Employer's contributions & ill-health contributions	39.7	n/a	3.4	n/a	43.1
0.0	3.1	0.0	0.6	3.7	Retirement benefits paid or due to be paid to and transfers out	0.0	3.4	0.0	0.7	4.1
37.3	**3.1**	**2.9**	**0.6**	**44.0**	**Amount charged against council tax**	**39.7**	**3.4**	**3.4**	**0.7**	**47.2**
					Amount funded by government top up grant					
n/a	n/a	9.8	n/a	9.8	Retirement benefits paid and due to be paid to pensioners and transfers out	n/a	n/a	9.9	n/a	9.9
n/a	n/a	-1.4	n/a	-1.4	Employee contributions	n/a	n/a	-1.9	n/a	-1.9
n/a	n/a	-3.0	n/a	-3.0	Employer's contributions & ill-health contributions	n/a	n/a	-2.9	n/a	-2.9
0.0	**0.0**	**5.4**	**0.0**	**5.4**	**Government top up grant receivable**	**0.0**	**0.0**	**5.1**	**0.0**	**5.1**
					Movement in Reserves Statement					
-93.0	-1.1	-12.7	-1.3	-108.2	Reversal of net charges made for retirement benefits	-36.9	-1.7	-11.4	-1.2	-51.2
37.3	n/a	2.9	n/a	40.3	Employer's contributions & ill-health contributions	39.7	n/a	3.4	n/a	43.1
n/a	3.1	n/a	0.6	3.7	Retirement benefits paid or due to be paid to pensioners and transfers out	n/a	3.4	n/a	0.7	4.1
-55.7	**2.0**	**-9.8**	**-0.7**	**-64.2**	**Movement in Reserves Statement**	**2.8**	**1.8**	**-8.0**	**-0.5**	**-4.0**

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

31 March 2023				Pension scheme assumptions	31 March 2024			
LGPS	Teachers	Firefighters	Firefighter Injury Award		LGPS	Teachers	New Firefighters	Firefighter and Injury Award
				Financial assumptions:				
2.95%	2.95%	2.95%	2.95%	Rate of Inflation CPI	2.75%	2.75%	2.75%	2.75%
3.95%	3.95%	3.20%	3.20%	Salary increase	3.75%	3.75%	3.10%	3.10%
2.95%	2.95%	2.95%	2.95%	Pensions increases	2.75%	2.75%	2.75%	2.75%
4.75%	4.75%	4.75%	4.75%	Rate of discount	4.85%	4.85%	4.85%	4.85%
				Life expectancy assumptions:				
21.7 (24.2)	21.7 (24.2)	25.9 (28.5)	25.9 (28.5)	A male (female) current pensioner aged 65	21.6 (24.0)	21.6 (24.0)	25.8 (28.7)	25.8 (28.7)
22.5 (25.8)	22.5 (25.8)	27.3 (29.8)	27.3 (29.8)	A male (female) future pensioner aged 65 in 20 years time	22.3 (25.6)	-	27.2 (30.0)	27.2 (30.0)
				Commutation of pension for lump sum at retirement:				
75%	n/a	90%	90%	~ Taking maximum cash	65%	n/a	90%	90%
50%	n/a	n/a	n/a	~ Taking 3/80th cash	n/a	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 2024	Approximate increase to Employer Liability %	Approximate monetary amount £ m
0.1% decrease in real discount rate	2%	26.2
1 year increase in member life expectancy	4%	56.0
0.1% increase in the salary increase rate	0%	0.9
0.1% increase in the pension increase rate	2%	25.8

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

31 March 2023 LGPS £m	31 March 2023 Teachers £m	31 March 2023 Firefighters £m	31 March 2023 Firefighter Injury Award £m	31 March 2023 All Schemes £m	Change in present value of pension scheme liabilities during the year	31 March 2024 LGPS £m	31 March 2024 Teachers £m	31 March 2024 Firefighters £m	31 March 2024 Firefighter Injury Award £m	31 March 2024 All Schemes £m
1,930.4	43.6	298.0	26.2	2,298.2	Benefit obligation at the beginning of the year	1,386.2	36.6	212.2	19.2	1,654.2
80.4	0.0	4.7	0.6	85.7	Current service costs	38.7	0.0	1.5	0.3	40.5
-4.7	0.0	0.0	0.0	-4.7	Effect of Settlements	-3.1	0.0	0.0	0.0	-3.1
52.6	1.1	8.0	0.7	62.5	Interest on pensions liabilities	65.7	1.7	9.9	0.9	78.1
11.3	0.0	1.4	0.0	12.7	Member contributions	12.0	0.0	1.9	0.0	13.9
-45.4	-3.1	-9.8	-0.6	-59.0	Benefits/transfers paid	-55.3	-3.4	-9.9	-0.7	-69.3
-638.4	-5.1	-90.1	-7.7	-741.3	Remeasurements on liabilities	-44.9	2.2	-5.1	-0.6	-48.3
1,386.2	**36.6**	**212.2**	**19.2**	**1,654.2**	**Present value of liabilities at the end of the year**	**1,399.3**	**37.0**	**210.5**	**19.1**	**1,665.9**

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

31 March 2023 LGPS £m	31 March 2023 Teachers £m	31 March 2023 Fire fighters £m	31 March 2023 Firefighter Injury Award £m	31 March 2023 Total £m	Pension assets and liabilities recognised in the Balance Sheet	31 March 2024 LGPS £m	31 March 2024 Teachers £m	31 March 2024 Fire fighters £m	31 March 2024 Firefighter Injury Award £m	31 March 2024 Total £m
1,386.2	36.6	212.2	19.2	1,654.2	Present value of the defined benefit obligation	1,399.3	37.0	210.5	19.1	1,665.9
1,398.2	0.0	0.0	0.0	1,398.2	Less: Fair value of plan assets	1,507.4	0.0	0.0	0.0	1,507.4
-12.0	**36.6**	**212.2**	**19.2**	**255.9**	**Net Liability arising from defined benefit obligation (Pre asset ceiling adjustment)**	**-108.1**	**37.0**	**210.5**	**19.1**	**158.6**
0.0	n/a	n/a	n/a	0.0	Asset ceiling adjustment	126.6	n/a	n/a	n/a	126.6
-12.0	**36.6**	**212.2**	**19.2**	**255.9**	**Net Liability arising from defined benefit obligation**	**18.5**	**37.0**	**210.5**	**19.1**	**285.1**
-545.2	**-7.1**	**-85.8**	**-7.0**	**-645.2**	**Increase/decrease (-) in net liability from previous year**	**30.5**	**0.5**	**-1.7**	**-0.1**	**29.2**

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

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

Note 38: Pooled budgets with health

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

The 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	**2022/23**	**2023/24**
	£m	**£m**
Funding provided to the pooled budget:		
~ Warwickshire County Council	22.1	22.8
~ NHS Coventry and Warwickshire ICB	46.9	50.1
	69.0	**72.9**
Expenditure met from the pooled budget:		
~ Warwickshire County Council	39.0	43.1
~ NHS Coventry and Warwickshire ICB	29.2	29.1
	68.2	**72.2**
Net Surplus arising on the pooled budget during the year:	**0.8**	**0.7**

Total pooled budget arrangement for 2023/24 is £72.9 million (£69.0 million in 2022/23) of which:

£5.6 million (£5.1 million in 2022/23) 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, £29.1 million (£29.2 million in 2022/23) was spent by the ICB for it to commission services. In addition, £4.5 million (£4.3 million in 2022/23) has been passed back to the Council as part of a separate S75 Integrated Community Equipment Service (ICES) agreement. The Council contributed a further £1.7 million (£1.8 million in 2022/23) and incurred total spend of £6.2 million in relation to ICES in 2023/24 (£6.1 million in 2022/23).

A total of £31.3 million (£27.7 million in 2022/23) revenue funding was allocated by the Council for commissioning services in accordance with the agreement.

In 2023/24, the surplus on the Better Care Fund totalled £0.7m (£0.8m 2022/23). This related to the Development Fund and was held by the Council as at 31/03/24. 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.

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 £4.6 million in 2023/24 (£4.4 million in 2022/23). Any surplus or deficits remaining within the pool, are allocated in agreement with the Partnership Board.

CAMHS	**2022/23**	**2023/24**
	£m	**£m**
Funding provided to the pooled budget:		
~ Warwickshire County Council	0.8	0.7
~ NHS Coventry and Warwickshire ICB	3.7	3.9
	4.4	**4.6**
Expenditure met from the pooled budget:		
~ Warwickshire County Council	4.4	4.6
~ NHS Coventry and Warwickshire ICB	-	-
	4.4	**4.6**
Net Surplus arising on the pooled budget during the year:	**-**	**-**

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 2024, the pool surplus held was £1.9 million (£2.8 million at 31st March 2023). This is held in Note 7 within the line “External Commitments Reserves”.

Note 40: Related parties and associated parties

Central Government
The UK 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 2023/24 is shown in note 35.

During 2023/24 £15.0 million (£14.6 million in 2022/23) was paid to entities in which elected members had an interest (this includes £13.4 million (£13.3 million in 2022/23) paid to District and Borough Councils in Warwickshire where they are also elected members).

During 2023/24 £5.9 million (£5.7 million in 2022/23) was received from entities in which elected members had an interest (this includes £3.6 million (£3.8 million in 2022/23) paid by District and Borough Councils (Excluding precepts and NNDR) 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 2024, 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 relationships 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 2023/24 payments of £10.9 million (2022/23 – £10.3 million) were made to organisations in which senior officers or members of their families had declared an interest. During 2023/24 payments of £1.9 million (2022/23 - £1.5 million) were received from organisations in which senior officers or members of their families had declared an interest. At 31 March 2024, 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 £29.0 million (£30.0 million in 2022/23) to other local authorities, central government and public bodies including £6.2 million (£5.8 million in 2022/23) to His Majesty's Revenue and Customs, and they owed us £35.2 million (£36.5 million in 2022/23), including £5.8 million (£8.8 million in 2022/23) from His Majesty's Revenue and Customs.

Warwickshire County Council is the administering body for the Warwickshire Pension Fund. In 2023/24 we charged the Warwickshire Pension Fund £1.8 million (£1.3 million in 2022/23) for carrying out 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 2024.

Company	WCC Share Holding
Warwickshire Legal Services Trading Ltd	100% owned LATC (WCC)
Educaterers Ltd	100% owned LATC (WCC)
Warwickshire Property and Development Group Ltd (WPDG)	100% owned LATC (WCC)
Warwickshire Property Development Ltd	100% owned subsidiary of WPDG
Warwickshire Property Management Ltd	100% owned subsidiary of WPDG
Develop Warwickshire LLP (DW LLP)	30% owned Joint Venture (WCC), 20% owned Joint Venture (WPDG)
Develop Warwickshire Nominee Ltd	100% owned subsidiary of DW LLP
Brookmill Meadows LLP	99.9% owned by DW LLP, 0.1% owned by Develop Warwickshire Nominee Ltd
Milby Meadows LLP	99.9% owned by DW LLP, 0.1% owned by Develop Warwickshire Nominee Ltd
Overton View LLP	99.9% owned by DW LLP, 0.1% owned by Develop Warwickshire Nominee Ltd
Coventry and Warwickshire Growth Hub Ltd	50% owned Joint Venture (WCC)

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 2023/24 the Council received payments of £154k (£216k in 2022/23) from Warwickshire Legal Services Trading Ltd and made payments of £17k (Nil in 2022/23) to the entity. As at 31 March 2024, the Council was owed £24k (31 March 2023: £47k) by the entity and didn't owe anything to it (31 March 2023: nil).

- Educaterers Ltd:

Educaterers Ltd, providing meals services to schools, started trading on 1 September 2017. Most of the company's trading is with maintained schools in Warwickshire so that expenditure is already included in our CIES. Its accounts for the year to 30 August 2023 showed net liabilities of £0.6 million (£0.6 million for the year to 30 August 2022).

We provided the company with a working capital loan facility of up to £1.8 million, this was extended to 30 September 2024. Interest is charged at a market rate of 5.43% plus the Bank of England Base Rate per annum. At 31 March 2024 the balance on the loan was £0.9 million (31 March 2023: £1.8 million). No dividends or profit distributions have yet been agreed for the trading periods up to 31 March 2024.

In 2023/24, aside from items relating to the loan amounts mentioned above, the Council (including Warwickshire's maintained schools) made payments of £7.8 million to Educaterers Ltd (£7.2 million in 2022/23) and received payments of £0.3 million (£0.4 million in 2022/23). As at 31/03/2024, the County Council was owed £24k (31 March 2023: £13k) by Educaterers Ltd and the Council owed Educaterers £262k (31 March 2023: £1.0 million).

- Warwickshire Property and Development Group Ltd (WPDG):

A wholly owned local authority trading company was incorporated on 26 March 2021 called 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 2024, two sites had been transferred to the company. Its accounts for the period ended 31 December 2023 showed a net liability position of £1.2 million.

As at 31 March 2024 we had provided a working capital loan of £1.25 million (31 March 2023: £1.2 million). Interest is charged at an arm's length rate (and at an arm's length rate for the undrawn remainder of the £1.85 million total facility).

In 2023/24, aside from items relating to the loan amounts mentioned above, the Council made payments of £141k to WPDG (£395k in 2022/23) and received payments of £195k (£588k in 2022/23). As at 31/03/2024, the Council was owed £30k (31 March 2023: £5k) by WPDG and owed WPDG £5k (31 March 2023: £34k).

- 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.

At 31 March 2024, we had provided a development loan of £0.3 million (31 March 2023: £1.4 million). Interest is charged at an arm's length rate.

In 2023/24, aside from items relating to the loan amounts mentioned above, the Council made no payments to WPD Ltd and received payments of £199k from WPD Ltd. As at 31/03/2024, 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 2022/23.

- 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.

As at 31 March 2024, we had provided a loan of £6.5 million (31 March 2023: Nil). Interest is charged at an arm's length rate.

In 2023/24, aside from items relating to the loan amounts mentioned above, the Council made payments of £727k to WPM Ltd (£229k in 2022/23) and received payments of £102k (Nil in 2022/23). As at 31/03/2024, the Council owed WPM Ltd £7k (31 March 2023: £53k) and WPM Ltd owed £43k to the Council (31 March 2023: Nil).

- 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 LLP. The split of ownership in the joint venture is the Council (30%), WPDG (20%) and Countryside Partnerships PLC (50%). No transactions took place between the Council and Develop Warwickshire LLP in 2023/24 or 2022/23.

- Develop Warwickshire Nominee Ltd:

Develop Warwickshire Nominee Ltd is a wholly owned subsidiary of Develop Warwickshire LLP, established in 2023/24. No transactions took place between the Council and Develop Warwickshire Nominee Ltd in 2023/24.

- Brookmill Meadows LLP:

Brookmill Meadows LLP is an entity which was established in 2022/23 and is owned by Develop Warwickshire LLP and Develop Warwickshire Nominee Ltd. The entity was setup to deliver the first project undertaken by Develop Warwickshire LLP.

At 31 March 2024, one site had been transferred to the company. At 31 March 2024, a £2.2 million (31 March 2023: Nil) loan was provided to Brookmill Meadows by the Council.

In 2023/24, the Council made no payments to Brookmill Meadows LLP and received payments of £27k from Brookmill Meadows LLP. No other payments took place, and no balances were owed as at 31/03/2024. No transactions took place between the Council and Brookmill Meadows LLP in 2022/23.

- Milby Meadows LLP:

Milby Meadows LLP is an entity which was established in 2023/24 and is owned by Develop Warwickshire LLP and Develop Warwickshire Nominee Ltd. The entity was setup to deliver a project undertaken by Develop Warwickshire LLP. No transactions took place between the Council and Milby Meadows LLP in 2023/24.

- Overton View LLP:

Overton View LLP is an entity which was established in 2023/24 and is owned by Develop Warwickshire LLP and Develop Warwickshire Nominee Ltd. The entity was setup to deliver a project undertaken by Develop Warwickshire LLP. No transactions took place between the Council and Overton View LLP in 2023/24.

- Coventry and Warwickshire Growth Hub Limited

Coventry and Warwickshire Growth Hub Limited was established in 2023/24. This is a joint venture between the Council and Coventry City Council. It is setup to promote business growth by engaging with the Coventry and Warwickshire business community.

In 2023/24, the Council made payments of £292k to C&W Growth Hub Ltd and received no payments from C&W Growth Hub Ltd. As at 31/03/2024, the Council owed C&W Growth Hub Ltd £71k and C&W Growth Hub Ltd owed nothing to the Council. No activity was undertaken in 2022/23 as the entity had not been formed at that time.

The Firefighters' Pension Fund

2022/23 £m	Fund account	2023/24 £m
	Income to the fund	
	Contributions receivable (funds due to us during the year):	
	- from employer: Warwickshire County Council	
-2.8	- normal contributions in relation to pensionable pay	-3.2
-0.1	- early retirements	-0.1
-1.3	- from members (firefighters' contributions)	-1.4
	Transfers in:	
0.0	- individual transfers in from other authorities	-0.4
-4.2	**Income to the fund**	**-5.2**
	Spending by the fund	
	Benefits payable:	
7.9	- Pension payments	8.8
1.9	- Commutation of pensions and lump-sum retirement benefits	1.5
0.0	- Other benefits payable	0.1
	Payments to and on account of leavers	
0.1	- Individual transfers out of the scheme to other authorities	0.0
9.9	**Spending by the fund**	**10.3**
5.7	**Net amount payable for the year (before top-up grant receivable from Government)**	**5.1**
-5.7	Top-up grant payable by the Government	-5.1
0.0	**Net amount payable or receivable (-) for the year**	**0.0**

31 March 2023 £m	Firefighters' Pension Fund net assets statement	31 March 2024 £m
	Current assets:	
2.9	- Top-up grant receivable from Government	0.9
	Current liabilities:	
-2.9	- other current liabilities (other than liabilities in the future)	-0.9
0.0	**Net assets or liabilities (-) at the end of the year**	**0.0**

Notes to the Firefighters' Pension Fund statements

Note 1: Fund operations

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

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

Note 2: Accounting policies
The financial statements are accounted for on an accruals basis. We did not use any estimation techniques in preparing the statements.

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

Note 3: Liabilities
The statements do not take account of any liabilities to pay pensions and other benefits after the period end i.e. 31 March 2024. 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 2024

Annual Governance Statement 2023/24

Contents

1 Executive Summary

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

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 Corporate Governance have been working. This Statement gives assurances on compliance for the year ending 31 March 2024. The AGS reflects the position, role titles and content relevant to governance arrangements that were in place during 2023/24.

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).*

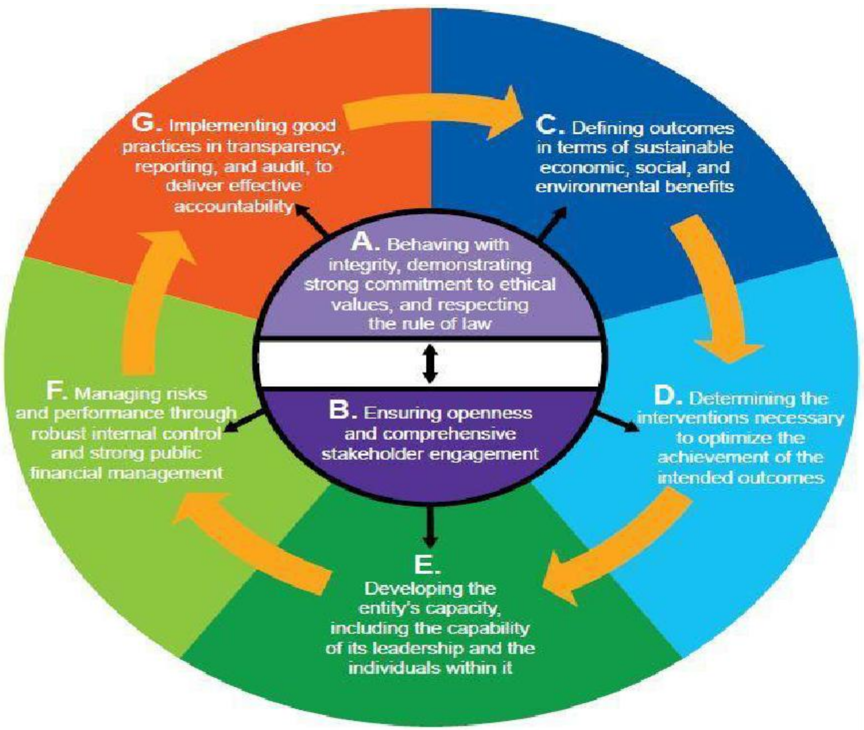


Figure 1: CIPFA's Principles of Good Governance

The Council's Code of Corporate Governance was updated in 2021, approved by Cabinet in April 2021 and is due to be reviewed in late 2024, 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 F: 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, we will be a great Council and partner.

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 Financial Management Code Self-Assessment was reported to the Audit and Standards Committee in March 2024. This provided assurance 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 2024/25. 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. Many of the changes adopted through the pandemic have now become established as part of the Council's governance arrangements and as we adapted to new ways of working during 2022/23 and 2023/24. We have set out below, for each governance principle, our self-assessment of compliance in the year 2023/24.

Table1: Summary of Compliance against the Code of Corporate Governance

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	
Compliance Overview	The key policies, procedures and practices set out in the Code of Corporate Governance remained in place and were applied throughout the year. Our values and behaviours underpin our governance arrangements and are at the heart of all we do and our performance management.
	We have continued to meet the Public Sector Duty, as set out in the Equality Act 2010 and do not consider that we have unlawfully discriminated in the provision of services whether delivered by us or commissioned externally. Equality Impact Assessments have also continued to be produced to inform all appropriate decisions during the financial year.
	Integrity is incorporated into the Council's behaviours, which are clearly defined and accessible on the intranet. To ensure our behaviours are upheld we have codes of conduct for officers and members (aligned with the Nolan Principles), registers of gifts and hospitality, registers of financial interests, and policies on counter-fraud and whistleblowing (the latter was updated in November 2023). 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. Following that, we have undertaken several refresher training sessions for members on conduct and behaviours annually. As part of those sessions, we consider any developments in law or guidance on member conduct and update members. If there are any significant developments, these will form the basis of a further formal review of the Code (https://democracy.warwickshire.gov.uk/documents/s14878/Revised%20Member%20Code%20of%20Conduct.pdf). 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 programme also 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.

We aim in our member development programme to cover a broad range of training relevant to the services provided by the Council. Some of these are repeated regularly (such as Complaints and Code of Conduct training) and where issues or specific requirements are identified (including by request of members) additional sessions are sourced. During 2023/24, this included three sessions on SEND (February, April and June 2023), Community Powered Warwickshire, Code of Conduct (in September and October 2023), Children and Families, Suicide Prevention and Mental Health, CQC and the Care Act.

This year demonstrated an additional need around SEND awareness, use of appropriate language and more general understanding. As a result, development sessions are now planned, co-produced, and delivered with the SEND community. Membership changes were also made as a result for the Children and Young People Overview and Scrutiny Committee along with the introduction of additional mandatory training for members.

Specific training is required for members to sit on a regulatory committee and ongoing knowledge sessions also take place in advance of the committee meetings. Bespoke training has also been provided for participants of the Police & Crime Panel and all members are regularly advised of external sessions from groups such as Local Government Association, Information Commissioners Office, Warwickshire Police and others that are relevant to them as members. This has included training around personal safety (online and in person) and local government finance. Bespoke training has been conducted for members of the Pension Fund Investment Sub Committee and the Local Pension Board.

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 (http://www.warwickshire.gov.uk/complaints). When complaints are received about councillors, these are investigated under our standards procedures. We celebrate the diversity of our customers, workforce and the wider Warwickshire community. Our commitment to Equality, Diversity and Inclusion and fulfilling our Public Sector Equality Duty 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. Minor updates were made during the 2023/24 financial year to ensure that they remained legislatively compliant and reflect the organisation's operating arrangements. Since then, there have been further changes approved by full Council in September 2023 to reflect the split of the People Directorate into two areas (under the Executive Director for Children & Young People and the Executive Director for Social Care & Health). Other changes have been approved in year including a new Cabinet portfolio being established for Education, (formerly Education was covered by the Children & Families Cabinet portfolio), approved by the Leader in May 2023, and amendments of the Petitions Schemes in 2023, approved by full Council in December 2023.

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 Chief Executive (Head of Paid Service). The Chief Executive, 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.

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. A new Procurement Bill, which will alter existing procurement legislation, received Royal Assent in October 2023 to become the Procurement Act 2023. In March 2024, the Procurement Regulations 2024 were laid in Parliament to bring some elements of the Bill and the wider regime into effect. The new regulations were originally planned to go 'live' on 28th October 2024 but this has been delayed with the new date of 24th February 2025 has been proposed. The existing legislation will apply until the new regime goes live and will also continue to apply to procurement started under the old rules. In preparation for the new regime an officer group has been established which is working on the anticipated changes and how they will impact on current practice. Detailed training has also been sourced from external experts. Once the secondary legislation is published, updates will be needed to Contract Standing Orders and the Constitution will be reviewed generally in terms of financial and other delegations to ensure legislative compliance. Proposed amendments will be considered by the Cabinet before approval by full Council.

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 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 named Data Protection Officers who sit within the Information Governance team. 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).

The Commercial Delivery Group meets at least quarterly and is Chaired by the Executive Director for Resources. The Group exists to enhance arrangements and oversee delivery of our Commercial Strategy ensuring the Council optimises

	commercial performance, becomes a more commercially focused organisation and invests in new commercial opportunities that bring financial returns as well as wider economic benefits for Warwickshire. Trading companies, wholly or partly owned by the Council, are scrutinised and challenged through shareholder representatives and for wholly owned companies, performance is monitored through senior officer governance groups (the Commercial Delivery Group and the Warwickshire Property & Development Officer Governance Group (WPDG)) on a quarterly basis. There is also a Member Oversight Group, which considers WPDG and Warwickshire Investment Fund (WIF) activity and developments. In some instances, Council officers are appointed as Directors or shareholder representatives and we deliver training for these officers on issues of importance. In January 2024 an external legal firm provided training covering the areas of insolvency and duties and responsibilities. A further session remains to be arranged which can be available to any other interested groups. 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 Director of 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-I.tv/core/portal/webcasts), and decisions are recorded and published. In line with legislation formal meetings allow for public attendance and we have a petitions scheme and a public speaking scheme that govern participation. Significant decisions involve public consultations where required. During 2023/24 this has included an extensive public consultation on the Warwickshire Fire and Rescue Service proposals related to Resourcing to Risk. The Warwickshire Youth Council represents the voice of young people in Warwickshire. Every two years, 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.

	Our budget is informed by the priorities set in the Council Plan 2022-27 which drew upon extensive public consultation. Additionally, we undertake an annual consultation on the budget engaging with business rate paying representatives and trade union representatives in line with our legal requirements. We continue to be guided by the Children and Young People Strategy 2021 - 2030 which has Child Friendly Warwickshire 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 young people reach their potential. Throughout 2023/24, we have continued to be guided by this Strategy, which has informed the updated Council Delivery Plan for 2024/25. We will complete a review of progress against the Strategy and report to elected members in 2024/25. Warwickshire County Council, as "Corporate Parents", have high aspirations for our children in care and care experienced young people. We are committed to hearing the voice of those children through engagement with the Children in Care Council which seeks to improve services for children (https://www.warwickshire.gov.uk/childrenincare). In 2023/24, alongside the Children in Care Council we have also had proactive involvement from the Care Leaver Forum and developed a Young Person's Forum for SEND called IMPACT and Warwickshire Parent Carer Voice to engage further. Additionally, we are developing a parent participation group to engage and gain further feedback. The Council's Co-Production Framework document, which has been in place since 2022, and communicates our approach to ensure that people providing and people using services work together to design or improve a service that will achieve a better outcome. The Framework provides guidance for people carrying out co-production activities to ensure these are consistent in approach and follow good practice. The Council has also commissioned a call off arrangement with preferred suppliers to provide direct specialist engagement and co-production activities with customers and potential future customers of services. The Warwickshire Healthy Ageing Joint Strategic Needs Assessment (JSNA) looking at the needs and assets of the older population in Warwickshire undertook two pieces of engagement work, a series of focus groups and a survey, to capture the voice of local residents and their experiences of ageing within Warwickshire in the JSNA. A multi-agency steering group oversaw the process which endeavoured to hear from a range of residents, including those who are seldom heard, and provided a 'you said we did' summary which was published following the engagement to demonstrate how the findings have helped inform action. The three health place partnerships are represented on the JSNA Strategic Group and fed into developing and signing off the JSNA work programme. Following publication of the JSNA we have presented it to the three health place partnerships who develop their own actions in response. More information on the Warwickshire Healthy Ageing

	JSNA, and the two engagement pieces of work, can be found here (https://www.warwickshire.gov.uk/directory-record/7896/healthy-ageing-jsna-2024). 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 Executive Director live broadcasts, supported by Director and Team briefings and transmissions are now embedded as a way to engage with our people irrespective of working arrangements (remote, office based or hybrid). Feedback from employees in the 'Your Say Survey' to February 2024 highlights an increase in the employee engagement score to 79% (76% in February 2023), with 81% (79% in February 2023) of respondents agreeing or strongly agreeing that 'Our internal communications keep me updated on what is happening'. Additional information is also provided through various mechanisms for example through regular briefings, Working 4 Warwickshire bulletin issued weekly, the intranet pages are updated as necessary and highlight topical themes. The Warwickshire Pension Fund is governed by a Staff and Pensions Committee and a Pension Fund Investment Sub-Committee populated by Councillors, and a 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 2022-27 and associated deliverables in our two-year Integrated Delivery Plan (IDP), applicable for the whole of 2023/24, and superseded by the Council Delivery Plan (CDP) from April 2024. The Council Plan has three priorities, which remain unchanged, 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 County 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 identify any financial and environmental implications linked to the decisions in the reports.
	The Council Plan 2022 – 2027 was approved and became effective from 1 April 2022. For 2023-24 it has been supported by the IDP which was approved by Cabinet in May 2022 and has been refreshed and approved in May 2023. Through the latter part of 2023/24 we have worked to develop a sharper and more focused CDP which supersedes the IDP. The CDP was approved by Cabinet in April 2024 and is also effective from April. The CDP has a focus on the priority deliverables, those actions that matter most to Warwickshire. It is supported by Service Business Plans, which are also being updated during the early part of 2024/25 to incorporate key change projects and investments to develop the actions needed to deliver priorities. Projects and investments are scrutinised to ensure they deliver against the required outcomes. We have also adopted a Strategy Framework which provides supporting guidance for officers in developing core and supporting strategies to help ensure consistency. Capital programme management is overseen by the Capital Strategy Group which meets regularly, is chaired by the Director of Finance and administered by the Strategic Finance team. The Investigation Design Fund (IDF) continues to be utilised by services to provide up front funding to gain cost certainty on capital projects prior to approval of the full budget. This process and fund is monitored by the Strategic Finance Team. The IDF forms part of the three stage approval process for all Capital Investment Fund projects which was implemented as part of the Capital Financial Management Improvement Project. A significant element of the capital programme is in the Communities Directorate, the Communities Capital Control Board reviews capital forecasting against actual expenditure and adjusts as required to provide effective performance management. Capital performance measures are currently being reviewed for 2024/25 to ensure the most effective measures are in place to provide oversight of performance. These measures will be agreed with and reported on by the Strategic Finance Team. The appraisal process for developments includes regard for ESG factors. Priorities and a programme of actions for tackling climate change and delivering the Council's net zero targets are included in the CDP and all Council reports identify 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 Sustainable Futures Strategy and accompanying Delivery Plan was approved by Cabinet in November 2023. This provides the framework and trajectory to deliver our net zero ambitions for the Council by 2030 and the County by 2050. Development of the Strategy was supported by a significant stakeholder engagement, including a series of external panels with contributions from the public and private sector, community and business representation, alongside academic and expert contributions. In March 2024 Cabinet approved progressing a Level 2 Devolution Deal for Warwickshire and entering into a devolution agreement with Government, which was announced in the Chancellor's budget statement of March 2024. This deal will include devolution of the Adult Education Budget, responsibility for the UK Shared Prosperity Fund and the ability to input into the Local Skill Improvement Plan (LSIP). The Devolution Deal offers enhanced local control over funding whilst retaining the ability to operate devolved powers at a strategic county wide scale to maximise impact, align with wider local activity and enable greater focus on local need. Warwickshire Pension Fund has completed the 2022 triennial valuation with a positive data quality assessment and updated Funding Strategy Statement. 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 investment policy. Warwickshire Property & Development Group (WPDG) is now trading, with the Joint Venture, Develop Warwickshire, having been successfully established. WPDG will play an important role in shaping Warwickshire as a place to invest, live and thrive. The Warwickshire Investment Fund (WIF, previously WRIF) continues to be active, 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. Both the WPDG and WIF have dedicated oversight from a Member Oversight Group, and further related governance arrangements are referenced in Principle A.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	
Compliance Overview	The key arrangements for managing performance and delivery, to inform interventions, continued to operate throughout the year.
	Arrangements are in place to report critical management information on the key aspects of delivery of the Council Plan, including finance (monthly), risk and performance (quarterly) to Corporate Board and quarterly to Cabinet and Overview & Scrutiny Committees. The frequency and the content of risk reporting has been enhanced in 2023/24 and there have been conversations with Directors about risk each quarter to ensure that risk reporting is topical and up to date.

	Additionally, all Directors have signed off statements providing assurance that they have been managing risks in their service areas. Our Performance Framework supports the delivery of the Council Plan, and includes mechanisms to assess progress, inform actions and interventions to achieve intended outcomes and benefits. The Change Programmes Team monitor and scrutinise project delivery against plans and highlight actions needed to manage escalated risks and deliver project objectives. Each Directorate has escalation arrangements in place to its Directorate Leadership Team and performance reporting flows through the executive structure and through Directorate Leadership Teams in the normal course of business. We track delivery against the Council Plan on a quarterly basis alongside information on risk and performance. Our overall performance is reported quarterly to Corporate Board, Overview and Scrutiny Committees, and ultimately to Cabinet. Delivery of Council Plan outcomes is achieved through multiple mechanisms including business plans, strategies and programmes/projects. This is supported by business insight, commissioning, performance, and corporate policy functions. The appraisal system links Council objectives and priorities to individuals' personal objectives and personal development plans. Despite the significant financial challenges that have faced the Council in 2023/24, in common with all upper tier authorities, financial monitoring governance has been appropriate during the year. Reflecting the heightened challenges around Special Educational Needs and Disabilities, Home to School transport, children's and adults' social care, we have developed a new executive-led Budget Delivery Oversight Group to increase scrutiny around the budgets, associated expenditure, proposed savings and their delivery during 2024/25. 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 (https://cswprepared.org.uk/).

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Compliance Overview	The key arrangements for building our capacity and capability continued to operate throughout the year. Leadership forums, including Senior Leadership Forum were maintained.
	A member 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, further detail is recorded in Principle A.

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 Director of Workforce and Local Services, a new post and service effective from November 2023. 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.

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. The Strategy 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. A key driver for our priority activities is ensuring a future focus on our ambition of having the right people, with the right skills in the right place influencing some structural changes in 2023/24 which have evolved and enhanced the Council's ways of working and better aligned resources to strategic priorities. The Strategy is our mechanism to have an effective approach in our key themes of strategic workforce planning, recruitment and retention, reward and recognition, leadership, equality, diversity and inclusion and wellbeing.

We have recently launched our refreshed approach to leadership which outlines our commitment, expectations and the support that is available for our leaders. This includes a differentiated development offer which enables colleagues to continue their progression at all stages from preparing for leadership to inspiring other leaders.

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) for 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 virtually as appropriate.

We invest in the health and wellbeing of our employees with a Workplace Wellness Strategy and supporting policies and 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 engaging with employees as stakeholders we have a focus on building a resilient and high performing workforce. This means we maintain 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 well-being check in surveys; and actions arising from those surveys. We also hold regular live staff broadcasts from Corporate Board and Executive Directors, which help to communicate key well-being messages, updates and these allow for questions & answers. Further staff engagement takes place within services. We have continued our approach from last year to listening to the voice of our people, through our 'Your Say' engagement survey. We continue to work towards achieving 'silver' Thrive at Work accreditation, part of which has included a check in survey, where we saw an increase in our wellbeing score from 77% to 82%. The main 'Your Say' survey has seen an increase in both our participation rate from 43% to 56% and our engagement score is now 79%, referenced in Principle B. Workload continues to be a focus and we have seen a slight increase in workload being manageable from 64% to 66%. Sickness absence has started to increase in line with national trends and we have put in place a proactive action plan to address this. 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 EDI Group is chaired by the Head of HR Strategy and is comprised of diverse employees from across the Council, advised by the EDI team. The Council's previous 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. Usage of 365 has continued throughout 2023/24 and 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 thought the year for the Council and for Warwickshire Pension Fund.
	Risk management is an integral part of good corporate governance and management and is therefore at the heart of what we do. The Council adopted a new Strategic Risk Management Framework (the Framework) in April 2021 and our approach to managing risk is explained therein. The Framework was refreshed in 2023 and agreed by Cabinet in January 2024. Our strategic risk register has been refreshed and updated in 2023/24 with individual strategic risks reviewed quarterly. Service level risks have also been identified, assessed and captured in service level risk registers. Service areas have reviewed and updated risks throughout the year and work continues to embed consistency across the Council. The Council continues to apply the CIPFA Code of Practice for Managing the Risk of Fraud and Corruption and this is reflected in our Counter Fraud, Bribery & Corruption Framework (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 priorities, 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. Our control arrangements for procurement and contract management are being reconsidered in light of the new procurement legislation, which has been covered within Principle A above. Our Performance Framework supports the delivery of the Council Plan, and includes mechanisms to assess progress, inform actions and interventions to achieve intended outcomes. Progress against the Council Plan and the MTFS is assessed through evaluation of Key Business Measures (KBMs), which are used in reporting to Overview & Scrutiny Committees and Cabinet on a quarterly basis. A suite of reports and dashboards provides HR, finance, risk and performance data to Executive Directors, Directors and Heads of Service for their areas of responsibility. This enables managers to interrogate information quickly and efficiently and identify any interventions needed. For revenue programmes and projects governance arrangements have been consistent throughout the 2023/24 year and consolidate the change made in 2022/23. All revenue programmes and projects have been governed through the Directorate Leadership Teams during 2023/24 with each Executive Director responsible for reporting back to Corporate Board and/or escalating by exception. Two cross cutting boards have remained reporting to Corporate Board, Sustainable Futures and Creating Opportunities (Levelling Up). Where the Change Programmes Team provide officer support in the delivery of programmes and projects delivery is to our professional standards and this includes the use of our system for programme and project governance. Overall responsibility for leading the implementation and change governance controls (including escalation) rests with the business and specifically the Executive Director or Corporate Board. 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 (updated November 2023) and procedures.

	Internal Audit provide advice to service areas and change projects to help ensure the control environment remains strong. 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, 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, 2017 and to be revised again for implementation in January 2025 following updating of global standards in January 2024) 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* g*enerally 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: • 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. In the 2024/25 Investment Strategy, the Warwickshire Investment Fund was reshaped. This included closing the bulk of the Business Investment Growth pillar of the Fund as demand was not sufficient. The other pillars of the fund remain active. 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 strategic direction to officers and specifically, for ensuring that the Council meets its statutory obligations and exercises sound corporate governance, 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 measures 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. We use the Mod.Gov. system to manage our development of committee reports and this supports consistent governance arrangements and appropriate checks through the report writing process. The Internal Audit Manager is designated as the Head of Internal Audit. Internal Audit reports regularly to the Corporate 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 an Ofsted inspection, an International Standardization for Organization (ISO) audit and a His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection in the year: • Warwickshire County Council Children's Home received its first Ofsted inspection in August 2023 and the inspection rating provided was Good. • The Council received an audit relating to the internationally recognised ISO 14001 Environmental Management Standard in January 2024, which the Council already held. The outcome of the audit is that certification has been maintained by the Council. • Warwickshire Fire and Rescue Service received a HMICFRS Inspection in 2023/24, which reported in September 2023. The inspection framework has changed since the last inspection in March 2021, which means that it is not possible to make direct comparisons. The report concludes that the inspectors were satisfied with aspects of the performance of the Service, but there are areas in which the service needs to improve. We have added an associated action within the Governance Improvement Plan.

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 across the Council Directorates (Resources, Communities and People [Children and Young People and Social Care and Health from 1st January 2024]) 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.

Where colleagues were unable to attend, we have engaged a sample of Directors in developing the AGS content and sought their contributions. Additionally, all Directors have been provided with access to the draft AGS and given the opportunity to contribute further. Directors have confirmed that they have complied with the risk management framework throughout the year and each Director has provided an assurance statement towards 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 Director of Strategy, Planning and Governance (Monitoring Officer), the Director of Finance (Deputy Section 151 Officer), Executive Director of Resources (Section 151 Officer), Executive Director for Children & Young People and Executive Director for Social Care & Health, Executive Director and Chief Executive before being submitted to the Audit & Standards Committee in May 2024 for further scrutiny.

The results of Internal Audit and External 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 **Moderate** 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. Annual external audit risk assessments are undertaken by the Council in conjunction with the external auditors and these are reported to the Audit and Standards Committee.

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 major governance failures during the last year and our arrangements remain fit for purpose and in accordance with the governance framework. A primary purpose of the governance framework is to identify and manage strategic risks proactively and to ensure risks 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 exist at the end of 2023/24 are presented against the three strategic priorities along with a highlight of the action that is being taken to help reduce risk levels, which have been high as a result of an extremely uncertain and volatile operational and financial environment. The Strategic Risk Management Framework has been updated in 2023/24 and been approved by Corporate Board in November 2023 and Cabinet in January 2024. The Council's strategic risks have been reconsidered and refreshed during the year, agreed with Corporate Board and Cabinet and used for the purpose of this AGS. Quarterly risk reviews have taken place throughout the year. 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 IDP, which sets out the ambitions and priorities of the Council and how those will be achieved. Monitoring of the delivery has taken place consistently and quarterly reports are prepared and presented to relevant Member bodies, Corporate Board, and the respective Directorate Leadership Teams. Towards the end of 2023/24 the Council started to develop a more focused Council Delivery Plan, superseding the IDP from April 2024, to capture how we will deliver the most significant. Quarterly stocktakes have continued throughout 2023/24 and these consider the Council's delivery across its portfolio, its performance and any emerging issues, risks or cross-cutting themes.

Restructuring of elements of the organisation has taken place in 2023/24, with Director responsibilities being reshaped and reallocated from November 2023. The reshaped director portfolios help address two key strategic risks around workforce and climate change and maintain a focus on the Council Plan. From January 2024, a new Executive Director role was established, Executive Director of Social Care & Health, taking responsibility for the associated teams. The Executive Director of People is now the Executive Director of Children & Young People and takes on Education & Children's Services.

The following table provides a summary of the activity relating to the strategic risks, which were live and high level at the end of 2023/24:

Strategic Risk Ref.	Strategic Risk Description	Activity
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		
2	Mismatch between demand and resources	The Council operates regional commissioning for children's placements and is planning further development and growth of children’s homes to help address demand and affordability challenges. WCC has taken part in the Department for Education’s Delivering Better Value Programme to consider the pressures which local systems are experiencing delivering SEND services. This is aimed at ensuring services are sustainable however, the forecasting demonstrates that demand is expected to continue to increase over the next five years and will not be sustainably funded over that period. Warwickshire is not alone in this respect, this being a national issue, and we continue to keep the situation under close review. Capital development, building additional schools in areas of need, is also being undertaken and is aimed at mitigating pressures and particularly around sufficiency, SEND and ‘Home to School’ transport. Challenges do, however, exist to balance plans for capital development with the availability of funding, which is exacerbated by rising costs. Development of a cross-cutting Adult Social Care Strategy is underway with a focus on prevention and early intervention to ensure the Council is meeting the needs of the population and promoting independence wherever possible (a key principle of the Care Act). A Commissioning Strategy for 2024 onwards is being developed, which includes the need for Make, Do, Buy decisions for all future commissioning. Executive Directors and Directors are also undertaking end to end process reviews within their directorates which puts the customer at the heart of activity whilst considering demand and available resources. The Council has maintained and agreed a rolling five-year Medium Term Financial Strategy and associated process which includes prudent assumptions using reserves to help manage risk, debt capacity is assessed annually, financial recovery plans initiated as appropriate, capital forecasting modules are utilised, timely financial monitoring and reporting has taken place throughout the year as part of the governance arrangements.

Strategic Priority 3, A place with sustainable futures, which means adapting to and mitigating climate change and meeting net zero commitments		
4	Lack of movement towards sustainable futures.	The final Sustainable Futures Strategy and accompanying Delivery Plan was approved by Cabinet in November 2023. This provides the framework to deliver our net zero ambitions for the Council by 2030 and the County by 2050. The development of the Strategy was supported by a significant stakeholder engagement process, including a series of external panels with contributions from the public and private sector, community and business representation, alongside academic and expert contributions. Further analysis, understanding and commitment is required relating to the resourcing of the Strategy which will require external funding to be secured.
All Strategic Priorities: 1, A County with a thriving economy and places with the right jobs, skills, and infrastructure; 2, A place where people can live their best lives, where communities and individuals are supported to live safely, healthily, happily, and independently; 3, A place with sustainable futures, which means adapting to and mitigating climate change and meeting net zero commitments.		
7	Successful cyber-attack.	Multiple technical mitigations are in place and support is also provided by a cyber resilience provider. Cyber related reporting has been enhanced to provide further information including risk factors within regular reports presented to Corporate Board. An Internal Audit of Cyber Security was undertaken and finalised in 2023/24 and provides a level of assurance with action ongoing to address outstanding points.

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 on a multi-agency basis to respond to child exploitation. We have a multi-agency group, overseen by the Warwickshire Safeguarding Partnership to ensure practice remains up to date, in order to respond to the ever-changing issues around exploitation. This has included new pilot activity responding to sexual images and AI generated images working with Warwickshire Police. We also continue to participate in a range of events and partnership initiatives including Knife Angel to educate and raise awareness of violent behaviour and knife crime and Loudmouth theatre prevention workshops which have been attended by over 12,000 children and other targeted work. We are developing with Public Health a review of interventions to measure the effectiveness of our current approaches and informed by the latest evidence. This ensures we are at the forefront of safeguarding practice and responses to violent crime involving young people and exploitation.

Recruitment and Retention

As with many organisations, we continue to experience challenges in recruitment and retention in particular roles, such as social workers, planners, finance staff and lawyers. Through Our People Strategy, we continue to develop ways to address this, and throughout 2023/2024, we saw our turnover rates continue to reduce to just above 11%, (a reduction from just below 13% in the previous year) which is within the targeted range. We also saw a further upturn on our engagement rates from 76% to 79%. We continue to review our approaches to ensure that we are able to recruit and retain the best talent.

Financial Sustainability

Since the start of 2022, the Council's finances have been dominated by fundamental financial uncertainties arising from significant inflationary pressures (labour, supplies and services), low levels of economic growth, rapidly rising demand for services and uncertainty over national policy reforms, all impacting across our largest service areas e.g. special educational needs and disabilities, adult social care, home to school transport and children's social care. Capital programmes continue to be impacted by inflationary pressures. Throughout 2023/24 we closely monitored the impact on our financial position and put in place short-term solutions to ensure our budget remains balanced whilst developing longer term mitigations that are being actively monitored and reported upon. We have developed a budget for 2024/25 and a five-year medium-term financial strategy through to 2028/29 that balances the material overspend and requires delivery of challenging savings and that demand-driven services work within their increased budget allocations at a time when demand is increasing at a much faster rate than the Council's resources. The situation, primarily driven by external factors, remains extremely challenging. In February 2024, we agreed that, given the estimated level of spend on special educational needs and disabilities, we could no longer afford to set aside further resources to offset the cumulative Dedicated Schools Grant High Needs Block overspend beyond 2024/25 and instead would be forced to use the statutory override from April 2025 and commit to implementing the options available to make good the accumulated deficit when the statutory override ceases which is currently due to be March 2026; the unsustainable national funding provision for Special Educational Needs and Disabilities represents the key risk to the Council's medium-term financial sustainability.

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 a big 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 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 mean less funding is available for investment in meeting the Council's wider investment ambitions. During 2023/24, there has been some capping of school places within academies, where capacity has been withdrawn for subsequent year groups after the initial year of entry. The Council has utilised Fair Access as the legislative mechanism that it has available, and the last resort, to ensure children can receive a school place outside the normal year of entry.

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, Council 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

Monica Fogarty
Chief Executive/Head of Paid Service

Appendix 1 – Governance Improvement Action Plans

Table 1: Governance Improvement Actions from 2023/24	Action Owner	Due By	Review of Activity
The Governance Team (Legal Services) will 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 and Governance	March 2025	This activity will continue into 2024/25 as part of our business as usual activity and any specific actions will be added to this plan.
The Pension Fund will respond to the Scheme Advisory Board's Good Governance Review and the Pension Regulator's General Code of Practice as the requirements are issued.	Head of Investments, Audit & Risk	March 2025	The Scheme Advisory Board Good Governance Guidance has not been released at the time of writing. The Pensions Regulator General Code of Practice was published on 10 January 2024 and at the time of writing the Pension Fund is currently reviewing how its arrangements compare to the new guidance.
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 & Governance	Closed	This action has been completed with a report on organisational changes and associated Constitutional amendments being considered by Council in September 2023. The Petitions Scheme was also refreshed this year with changes approved by the Council in December 2023. However, consideration of the Constitution and ensuring it is up to date and reflects operating arrangements is an ongoing process. Further changes are anticipated to take forward the Council's response to the new Procurement legislation below.
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 and Governance & Director of Finance	February 2025	We are expecting secondary legislation to the Act to be laid to bring the wider regime into effect in early 2024 followed by a minimum of six months' notice before 'go live' which we anticipated would be October 2024, but this has since been delayed to February 2025. In preparation for the new regime an officer group has been created which is working on the anticipated changes and how they will impact on current practice. Detailed training has also been sourced from external experts. Once the secondary legislation is published updates will be needed to Contract Standing Orders and the Constitution will

Table 1: Governance Improvement Actions from 2023/24	Action Owner	Due By	Review of Activity
			be reviewed generally in terms of financial and other delegations to ensure legislative compliance.
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	Closed	A plan was created following the move of School Admissions to sit in the Education Service. The plan centred around six themes and the majority of the actions have been completed. This includes a greater level of resilience in the admissions systems and complaint volumes have reduced. Data supporting In Year applications has shown a significant improvement and first choice preferences for Secondary Offers is up on the previous year.
Review and refresh the Strategic Risk Management Framework.	Head of Investments, Audit & Risk	Closed	The refreshed Framework was agreed by Corporate Board in November 2023 and Cabinet in January 2024.
Reviewing the end-to-end approach to education capital programme procurement	Head of Property	Autumn 2024	Over the last 12 months the Property, Education, Procurement, and legal teams have been working towards identifying simpler and cost-effective procurement strategies, a key aspect of the end-to-end work. The Initial focus has been two-fold: • first to benchmark current cost, processes and identify routes to market looking at other LAs and their experiences whilst reviewing data with consultants. These findings are now being used in how we procure as individual projects or as batches of work; and • Secondly to define and develop Warwickshire Employers' Requirements (ERs) to support design development, simplify contractor engagement and reduce scope changes. A well-prepared Employers' Requirements document is fundamental to the success of a project as it assists the contractor to properly plan the execution of the project and price and procure the resources, accordingly, thus resulting in fewer disputes and cost efficiency.

Table 2: Governance Improvement Actions for 2024/25	Action Owner	Due By	Review of Activity
The two-yearly Governance Stocktake to be carried out in autumn 2024	Director of Strategy Planning and Governance	December 2024	Activity due in autumn 2024.
Develop an e-learning module with Legal and HR development colleagues for governance and decision making aimed at committee report writers.	Head of Legal & Governance	March 2025	Plans are in place for the development of the e-learning module.
A full inspection of WFRS has been undertaken by HMICFRS, which reported in September 2023. An action plan exists to take forward the associated actions.	Chief Fire Officer	September 2025	WFRS was issued 41 Areas for Improvements, in the previous inspection report, this has now been reduced to 26 and includes discharging the Prevention and EDI Cause of Concern. An action plan is in place and progress is being made to address the points. We anticipate the remaining Cause of Concern being discharged in June 2024.
Delivery of the SEND Delivering Better Value Programme.	Head of SEND & Inclusion	March 2025	Grant application has been approved by the Department of Education and programme governance is in place.
Ethical standards to be defined in adopting artificial intelligence in the delivery of Council services to supplement existing guidance to staff on artificial intelligence.	Director of Enabling Services	October 2024	Initial guidance on the appropriate use of generative AI has been issued to staff. Further work is required to establish a 'data ethics framework' and suitable governance so that the Council can ensure it is utilising new technologies and capabilities in appropriate ways. This will cover artificial intelligence but, more broadly, the responsible use of data across the organisation and with partners.
A review of Multi-Agency Safeguarding Arrangements (MASA).	Executive Director of Children and Young People	December 2024	A review of the arrangements has been proposed with the Safeguarding Executive considering a report setting out the scope of the review and initial proposals on 11th April 2024. The MASA is part of the Pathfinder programme and changes will be proposed and implemented by December 2024.

Warwickshire Pension Fund

Statement of Accounts

2023/24

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

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

Table of Contents

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

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

Opinion 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 2024, 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 2023/24.

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 2024 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 2023/24; 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 (2024) (“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 2023/24 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 (2024) 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 set out on page 9, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the 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 2023/24, 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 2023/24, 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, including [add details of risks]. 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. 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 85 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

17 January 2025

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 31 March 2024 and the income and expenditure for the year ended 31 March 2024. The unaudited draft accounts were authorised for issue on 31 May 2024. Subsequent to audit, the accounts were then considered and approved at a meeting of the Council on 17 December 2024. These final approved accounts were authorised for issue on that date.

Rob Powell
Executive Director for Resources — Date: 17 December 2024

Councillor Christopher Mills
Chair of the Council — Date: 17 December 2024

Warwickshire Pension Fund Account

2022/2023			2023/2024
£m		Notes	£m
	Dealings with members, employers and others directly involved in the fund		
(93.1)	Contributions	7	(103.3)
(12.4)	Transfers in from other pension funds	8	(12.2)
(105.5)			*(115.5)*
91.4	Benefits payable	9	101.6
9.5	Payments to and on account of leavers	10	12.3
100.9			*113.9*
(4.7)	**Net (additions)/withdrawals from dealing with members**		**(1.7)**
21.1	Management expenses	11	**21.3**
16.4	**Net (additions)/withdrawals including fund management expenses**		**19.6**
	Returns on investments		
(22.4)	Investment income	13	(25.6)
(80.7)	Profit and losses on disposal of investments	23	(246.3)
117.8	Changes in the market value of investments	23	34.6
14.6	**Net return on investments**		**(237.3)**
31.0	**Net decrease/(increase) in the net assets available for benefits during the year**		**(218.0)**
(2,781.5)	**Opening net assets of the scheme**		**(2,750.5)**
(2,750.5)	**Closing net assets of the scheme**		**(2,968.5)**

Net Assets Statement

31 March 2023			31 March 2024
£ m		Notes	£m
1.2	Long-term Assets	15	1.2
2,662.6	Investment assets	15 / 16 / 17	2,839.3
65.2	Cash deposits	15 / 16 / 17	105.8
2,729.0	Total net investments		2,946.2
26.5	Current assets	29	27.9
(5.1)	Current liabilities	30	(5.7)
2,750.5	**Net assets of the fund available to fund benefits at the period end**		**2,968.5**

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 2024

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; and

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

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

b) *Membership*

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

Organisations participating in the Warwickshire Pension Fund include:

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

There are 236 employer organisations with active members within Warwickshire Pension Fund including the County Council itself, as detailed below.

Warwickshire Pension Fund	31 March 2023	31 March 2024
Number of employers with active members	223	236
Number of employees in scheme		
County Council	8,494	8,490
Other employers	10,156	10,227
Total	**18,650**	**18,717**
Number of pensioners		
County Council	9,255	9,568
Other employers	7,666	8,115
Total	**16,921**	**17,683**
Deferred pensioners		
County Council	11,956	11,945
Other employers	9,418	9,689
Total	**21,374**	**21,634**
Total	**56,945**	**58,034**

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 2024. Contributions are also made by employers which are set based on triennial actuarial funding valuations. The valuation relevant to the 2023/24 financial year was as at 31 March 2022 and a revised schedule of employer contribution rates became effective for the three years from 1 April 2023. Employer contribution rates ranged from 0% to 63.7% of pensionable pay.

d) Benefits

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

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

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

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

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

Note 2: Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2023/24* 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 2023/24 are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRTS 7) issued in May 2023.

These items are not expected to impact LGPS Fund Accounts and will not have a significant impact on amounts reported in the 2023/24 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 Expenses (2016).*

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 Ltd at 31 March 2024 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 account.

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

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

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

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

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

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

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

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

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

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

h) Foreign currency transactions

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

i) Cash and cash equivalents

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

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

j) Investment liabilities

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

k) 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.

l) 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 March 2022.

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).

m) Additional Voluntary Contributions (AVCs)

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).

n) 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

It has not been necessary to make any critical judgements in applying accounting policies in 2023/24.

Investment in Border to Coast Pensions Partnership Ltd (BCPP)

Although not a critical judgement, it is worth noting that 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 obligations 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.

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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on 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.	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 £104m.
Private equity, Infrastructure, Private Debt and Property	Private equity investments are valued at fair value in accordance with *International Private Equity and Venture Capital Valuation Guidelines* (2018). 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. 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 total value of Level 3 investments stands at £708.0m. 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 +/- £14.2m.

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.

Note 7: Contributions receivable

By category

2022/2023		2023/2024
£m		**£m**
21.9	Employees' contributions	24.0
	Employers' contributions:	
65.5	Normal contributions	78.8
5.7	Deficit recovery contributions	4.6
0.0	Refund of surplus on exit	(4.1)
71.2	**Total employers' contributions**	**79.3**
93.1	**Total**	**103.3**

By type of employer

2022/2023		2023/2024
£m		**£m**
47.9	Administering authority	51.0
43.7	Scheduled bodies	55.8
1.6	Admitted bodies	(3.5)
93.1	**Total**	**103.3**

Note 8: Transfers in from other pension funds

2022/2023		2023/2024
£m		**£m**
12.4	Individual transfers	12.2
12.4		**12.2**

Note 9: Benefits payable

By category

2022/2023		2023/2024
£m		**£m**
74.3	Pensions	82.9
14.6	Commutation and lump sum retirement benefits	16.8
2.5	Lump sum death benefits	1.9
91.4		**101.6**

By type of employer

2022/2023		2023/2024
£m		**£m**
49.0	Administering authority	52.5
38.1	Scheduled bodies	43.2
4.3	Admitted bodies	5.9
91.4		**101.6**

Note 10: Payments to and on account of leavers

2022/2023		2023/2024
£m		**£m**
0.3	Refunds	0.5
9.2	Individual transfers	11.8
9.5		**12.3**

Note 11: Management expenses

2022/2023		2023/2024
£m		**£m**
2.4	Administration costs	2.5
16.8	Investment management expenses	17.0
1.8	Oversight and governance costs	1.8
21.0	**Total**	**21.3**

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

2022/23 Total		Management Fees	Performance Fees	2023/24 Total
£m		**£m**	**£m**	**£m**
3.1	Pooled Investments	2.8	0.0	2.8
1.7	Pooled Property	0.8	0.0	0.8
4.8	Private Equity	4.9	0.2	5.1
4.9	Infrastructure	3.4	0.0	3.4
2.2	Private Debt	3.9	0.4	4.3
0.0	Other Fund Expenses	0.5	0.0	0.5
0.1	Custody Fees	0.1	0.0	0.1
16.8	**Total**	**16.4**	**0.6**	**17.0**

Note 13: Investment income

2022/2023		2023/2024
£m		**£m**
0.1	*Equity dividends*	*0.0*
0.0	Managed Funds - UK	1.1
5.1	Pooled Property	4.7
4.6	Infrastructure	3.0
1.9	Pooled Equity	2.0
1.5	Private Debt	2.6
6.4	Pooled Fixed Income	9.4
2.4	Private Equity	2.8
21.9	*Managed funds*	*25.5*
0.7	*Interest on cash deposits*	*0.1*
22.6		**25.6**

Note 14: Other fund account disclosures: external audit costs

The contract for external audit services was re-tendered in 2023 and Grant Thornton were re-appointed as the Fund's auditors. Audit fees for 2023/24 are £89,936 with this core fee now incorporating IAS19 assurance. The contracted fees for 2022/23 were £21,522 but the total actually charged on completion of that audit was £63,110 which included £14,800 in respect of IAS19 assurance work.

Note 15: Investments

2022/2023		2023/2024
£m		**£m**
	Long-term investments	
1.2	Equities	1.2
	Total Long-term investments	**1.2**
	Investment Assets	
2,657.2	Pooled Funds***	2,838.0
931.4	*Pooled Global Equity*	*1,143.4*
416.2	*Pooled UK Equity*	*92.4*
189.8	*Infrastructure*	*221.5*
104.2	*Private Debt*	*165.5*
203.7	*Private Equity*	*204.7*
239.6	*Pooled Property*	*243.8*
572.3	*Pooled Fixed Income*	*766.8*
65.2	Cash	105.8
5.3	Investment Current Assets	1.3
2,727.8	**Total Investment Assets**	**2,945.1**
	Investment Liabilities	
0.0	Investment Current Liabilities	0.0
0.0	**Total Investment Liabilities**	**0.0**
2,729.0	**Total net investments**	**2,946.2**

*** 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 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2024
	£m	£m	£m	£m	£m
Investment Assets					
Equities	1.2	0.0	0.0	0.0	1.2
Pooled Investments	2,657.3	1,044.8	-1,068.5	204.5	2,838.0
• *Private Equity*	*203.7*	*26.0*	*-23.3*	*-1.7*	*204.7*
• *Pooled Property*	*239.6*	*9.2*	*-2.4*	*-2.6*	*243.8*
• *Pooled funds, Unit Trusts & Other Managed Funds*	*1,919.7*	*884.8*	*-1,002.0*	*200.0*	*2,002.5*
• *Infrastructure*	*189.8*	40.0	-12.4	*4.1*	*221.5*
• *Private Debt*	*104.4*	84.7	-28.3	*4.7*	*165.5*
Other Investment Balances					
Cash	65.2	323.4	-272.3	-10.6	105.8
Net investment current assets	5.3	0.2	-3.7	-0.4	1.3
Total Net Investments	**2,729.0**	**1,368.3**	**-1,344.4**	**193.5**	**2,946.2**

	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
Investment Assets					
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
• *Private Equity*	*197.3*	*40.9*	*-42.6*	*8.1*	*203.7*
• *Pooled Property*	*273.4*	*7.7*	*-5.9*	*-35.5*	*239.6*
• *Pooled funds, Unit Trusts & Other Managed Funds*	*2,022.6*	*40.1*	*-103.3*	*-39.7*	*1,919.7*
• *Infrastructure*	*140.4*	*113.4*	*-87.0*	*23.0*	*189.8*
• *Private Debt*	*83.0*	*53.2*	*-32.1*	*0.4*	*104.4*
Other Investment Balances					
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
Net Investment Assets	**2,758.4**	**391.5**	**-377.1**	**-43.8**	**2,729.0**

Note 17: Derivatives

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

Note 18: Investments analysed by fund manager

Market value 31 March 2023			Market value 31 March 2024	
£m	**%**		**£m**	**%**
		Investments managed by BCPP asset pool		
25.1	0.9	Private Equity	41.4	1.4
102.4	3.8	Infrastructure	134.6	4.6
40.3	1.5	Private Debt	57.7	2.0
392.1	14.4	Global Equity Alpha Fund	434.4	14.7
295.4	10.8	UK Equity Alpha Fund	92.3	3.1
186.0	6.8	Investment Grade Credit	246.1	8.4
240.9	8.8	Multi-Asset Credit	265.1	9.0
665.2	24.4	Legal and General Investment Management (Index Tracker - Global Equities)*	707.0	24.0
145.4	5.3	Legal and General Investment Management (Index Tracker - Fixed Income)*	255.5	8.7
2,092.9	**76.7**	**Total BCPP**	**2,234.3**	**75.8**
		Investments managed outside of BCPP asset pool		
0.2	0.0	MFS Investment Management (Global Equities)	0.1	0.0
127.0	4.7	Columbia Threadneedle Investments (Property)	128.6	4.4
120.0	4.4	Schroder Investment Management (Property)	121.1	4.1
178.5	6.5	HarbourVest (Private Equity)	167.5	5.7
27.4	1.0	Standard Life Capital (Infrastructure)	28.1	1.0
59.9	2.2	Partners Group (Infrastructure)	57.6	2.0
42.1	1.5	Alcentra (Private Debt)	36.7	1.2
21.8	0.8	Partners (Private Debt)	11.5	0.4
0.0	0.0	Barings (Private Debt)	44.8	1.5
0.0	0.0	ICG (Private Debt)	11.6	0.4
57.9	2.1	BlackRock (Cash)	103.1	3.5
1.2	0.0	BCPP Shareholding	1.2	0.0
636.1	**23.3**	**Total Outside BCPP**	**712.0**	**24.2**
2,729.0	**100.0**		**2,946.2**	**100.0**

* 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 2024	% of total fund 31 March 2024
	£m	%
LGIM Equity funds	707.0	24.0
Border to Coast Global Alpha Equity Fund	434.4	14.7
Border to Coast Multi-Asset Credit	265.1	9.0
LGIM Bond funds	255.5	8.7
Border to Coast Investment Grade Credit	246.1	8.4
HarbourVest (Private Equity)	167.5	5.7

Security	Market value 31 March 2023	% of total fund 31 March 2023
	£m	%
Border to Coast Global Alpha Equity Fund	386.9	14.2
Border to Coast Alpha Equity 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)	178.5	6.5
LGIM Europe (ex-UK) Equity Index	163.2	6.0
LGIM Bond funds	145.3	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 2023 (£m)				31 March 2024 (£m)		
			Investment Assets			
1.2			Equities	1.2		
2,657.2			*Pooled Investments*	*2,838.0*		
931.4			Global Equity	1,143.4		
416.2			UK Equity	92.4		
189.8			Infrastructure	221.5		
104.2			Private Debt	165.5		
203.7			Private Equity	204.7		
239.6			Pooled Property	243.8		
572.3			Fixed Income	766.8		
	65.2		Cash deposits		105.8	
	5.3		Investment Current Assets		1.3	
	7.9		Debtors		3.9	
	18.5		Cash balances		24.0	
2,658.4	**97.0**	**0.0**		**2,839.2**	**135.0**	**0.0**
			Liabilities			
		-5.1	Creditors			-5.7
0.0	**0.0**	**-5.1**		**0.0**	**0.0**	**-5.7**
2,658.4	**97.0**	**-5.1**	**Net Assets**	**2,839.2**	**135.0**	**-5.7**

Note 23: Net gains and losses on financial instruments

2022/2023		2023/2024
£m		£m
	Financial Assets	
0.0	Fair value through profit and loss	214.3
	Financial liabilities	
-37.0	Fair value through profit and loss	0.0
-37.0	**Total**	**214.3**

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 2024 because for the main trading vehicle, Border to Coast Pensions Partnership, which 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 and 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 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
Market quoted investments Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Pooled investments – fixed income and equity unit trusts 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
Other unquoted and private funds (including indirect property, infrastructure, private debt and private equity). Level 3	These investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 special rules 2020 and US GAAP. 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 (the “Red Book”).	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.
Shares in Border to Coast Pensions Partnership	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 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	£m	**£m**	**£m**	**£m**
Equities*			1.2	1.2
Pooled Investments		2,002.5		2,002.5
Infrastructure			221.5	221.5
Private Debt			165.5	165.5
Private Equity			204.7	204.7
Pooled Property		128.6	115.2	243.8
Financial assets at fair value through profit and loss	*0.0*	*2,131.2*	*708.0*	*2,839.2*
Financial liabilities at fair value through profit and loss	*0.0*	*0.0*	*0.0*	*0.0*
Net financial assets	**0.0**	**2,131.2**	**708**	**2,839.2**

*Equities which represent Border to Coast Pensions Partnership shareholding

	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*			1.2	1.2
Pooled Investments		1,919.7		1,919.7
Infrastructure			189.8	189.8
Private Debt			104.2	104.2
Private Equity			203.7	203.7
Pooled Property		127.0	112.6	239.6
Financial assets at fair value through profit and loss	*0.0*	*2,046.7*	*611.4*	*2,658.2*
Financial liabilities at fair value through profit and loss	*0.0*	*0.0*	*0.0*	*0.0*
Net financial assets	**0.0**	**2,046.7**	**611.4**	**2,658.2**

*Equities which represent Border to Coast Pensions Partnership shareholding

The following assets have been carried at cost:

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Valuation at 31 March 2024	**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
Investments held at cost	0.0	0.0	**1.2**	**1.2**

Note 25: Reconciliation of fair value measurements within Level 3

	Market value 31 March 2023	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 2024
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Private Debt	104.5	84.7	-28.3	4.1	0.6	165.5
Private Equity	203.7	26.0	-23.3	-14.8	13.1	204.7
Infrastructure	189.8	40.0	-12.4	1.3	2.8	221.5
Pooled Property*	112.6	9.2	-2.4	-4.2	0.0	115.2
Total	**610.5**	**160.0**	**-66.4**	**-13.7**	**16.5**	**706.8**

*Reclassified Pooled Property 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 2023/24 reporting period. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Asset Type	2023/24 Potential market movement %
UK Pooled Funds	16
Overseas Pooled Funds	17
Bonds	6
Cash	0
Property	16
Alternatives	8

The potential price changes disclosed above are broadly consistent with a one-year dispersion in the value of the assets and are based on observed historical volatility of the returns of the asset class. Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits would have been as follows:

Asset Type	Value as at 31 March 2024	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
UK Pooled Funds	93.5	15.0	108.5	78.6
Overseas Pooled Funds	1,143.4	194.4	1,337.8	949.0
Total Bonds	766.8	46.0	812.8	720.7
Cash	106	0.0	106.0	106.0
Infrastructure, Private Debt and Private Equity	591.7	47.3	639.0	544.3
Property	243.8	39.0	282.8	204.8
Total	**2,945.0**	**341.7**	**3,286.9**	**2,603.5**

The prior year comparator is shown in the following table:

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
Total	**2,729.0**	**372.9**	**3,101.9**	**2,356.1**

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 2024	Value on 1% increase	Value on 1% decrease
	Years	£m	£m	£m
LGIM UK Corporate Bonds	5.6	86.9	82.0	91.8
LGIM UK Index Linked	15.5	168.6	142.5	194.8
BCPP Multi-Asset Credit	3.7	265.1	255.3	275.0
BCPP Investment Grade Credit	6.1	246.1	231.1	261.1
Cash balances	0.0	129.8	129.8	129.8
Total		**896.5**	**840.7**	**952.4**

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
Total		**656.0**	**616.1**	**695.9**

Currency risk

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

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

	Value as at 31 March 2024	Volatility	Value on increase	Value on decrease
	£ m		**£ m**	**£ m**
Overseas Pooled Funds				
LGIM Fundamental Indexation	149.82	9.4%	163.90	135.74
LGIM Europe (ex-UK)	61.79	9.4%	67.60	55.98
LGIM Asia Pacific (ex-Japan)	15.65	9.4%	17.13	14.18
LGIM Emerging Markets	13.26	9.4%	14.51	12.02
LGIM Japan	15.75	9.4%	17.23	14.27
LGIM North America	8.44	9.4%	9.24	7.65
BCPP Global Equity	434.39	9.4%	475.22	393.56
Total	**699.10**	**9.4%**	**764.82**	**633.39**

	Value as at 31 March 2023	Volatility	Value on increase	Value on decrease
	£ m		**£ m**	**£ m**
Overseas Pooled Funds				
LGIM Fundamental Indexation	245.34	10%	269.87	220.80
LGIM Europe (ex-UK)	163.18	10%	179.50	146.86
LGIM Asia Pacific (ex-Japan)	44.51	10%	48.96	40.06
LGIM Emerging Markets	37.38	10%	41.12	33.64
LGIM Japan	35.42	10%	38.96	31.87
LGIM North America	18.72	10%	20.59	16.85
BCPP Global Equity	386.86	10%	425.55	348.18
Total	**931.4**	**10%**	**1,024.55**	**838.27**

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 2024 were received by the Fund in April 2024. 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 2024 the balance at Lloyds stood at £24.3m.

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 2024 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 set contribution rates for the three years commencing 1 April 2023.

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

Following the 2022 actuarial valuation, contribution rate changes (primary and secondary) are being phased in from 1 April 2023. The common contribution rate (i.e. the rate which all employers in the Fund pay) is as follows:

Valuation Date	**31-Mar-22**
Total contribution rate	
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 2022 actuarial valuation report and the Funding Strategy Statement on the Fund's website.

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

Financial assumptions

Financial assumptions	**31 March 2022**
	%
Discount Rate	4.0
Salary Increases	3.7
Price Inflation/Pension Increases	2.7

Demographic assumptions

Assumed life expectancy from age 65 is as follows.

Demographic assumptions	**31 March 2022**	
Assumed life expectancy at age 65	**Male**	**Female**
Pensioners	21.8	24.4
Non-pensioners	22.6	26.0

Commutation assumptions

At the 2022 valuation, it was assumed that future retirees will take 65% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and 65% of the maximum for post-April 2008 service.

50:50 Option

The assumption in the 2022 Actuarial Valuation 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 2023/24 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

Year ended	**31 March 2023**	**31 March 2024**
Active members (£m)	1,157	1,223
Deferred members (£m)	514	507
Pensioners (£m)	903	863
Total present value of promised retirement benefits (£m)	**2,574**	**2,593**
Fair value of scheme assets (bid value) (£m)	***2,728***	***2,945***
Net Asset / (Liability) (£m)	**154**	**352**

The promised retirement benefits at 31 March 2024 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 2024 and 31 March 2023. I estimate that the impact of the change in financial assumptions to 31 March 2024 is to decrease the actuarial present value by £150m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £16m.

Financial assumptions

Year ended	**31 March 2023 % p.a.**	**31 March 2024 % p.a.**
Pension Increase Rate (CPI)	2.95	2.75
Salary Increase Rate	3.95	3.75
Discount Rate	4.75	4.85

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 2022 model, with a 25% weighting of 2022 data, 0% 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	21.3 years	24.0 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.1 years	25.5 years

All other demographic assumptions are unchanged from last year and are 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 2024	**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	104
0.1% p.a. increase in the Salary Increase Rate	0	3
0.1% p.a. increase in the Rate of CPI Inflation	2	51

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2024' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:

Barry Dodds FFA

15 May 2024

For and on behalf of Hymans Robertson LLP

Note 29: Current assets

31 March 2023		31 March 2024
£m		**£m**
	Debtors:	
3.3	Contributions due: Employees	0.8
4.0	Contributions due: Employers	2.6
0.6	Invoiced debtors	0.4
0.1	Sundry debtors	0.1
18.5	Cash balances	24.0
26.5	**Total**	**27.9**

Note 30: Current liabilities

31 March 2023		31 March 2024
£m		**£m**
2.2	Owed to administering authority	3.6
1.9	Sundry Creditors	1.9
1.0	Benefits Payable	0.2
5.1	**Total**	**5.7**

Note 31: Additional Voluntary Contributions

Contributions Paid 2022/23	Market Value 31 March 2023		Contributions Paid 2023/24	Market Value 31 March 2024
£000	**£m**		**£000**	**£m**
508.4	3.2	Standard Life	841.2	3.9
1.6	0.2	Utmost Life and Pensions	3.4	0.2
510.0	**3.4**	**Total**	**844.6**	**4.1**

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 £2.3m (2022/23: £2.4m) 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 £49.4m (£48.6m in 2022/23).

Border to Coast Pensions Partnership Ltd (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 75.8% 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 are no members of the Pension Fund Investment Sub-Committee and the Staff and Pensions Committee who were in receipt of pension benefits from the Warwickshire Pension Fund during the year.

There are three 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 (5%), Director of Finance (13%), Head of Investments, Audit and Risk (40%), 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.

2022/23		2023/24
£000		£000
348.5	Short-term benefits	463.0
-200.5	Post-employment benefits	413.3

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 2024 were as follows:

31 March 2023		31 March 2024
£m		£m
98.0	Private Equity	100.0
121.8	Infrastructure	187.8
79.7	Private Debt	134.0
299.5	**Total**	**421.8**

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 (236) and current membership increased from 56,945 to 58,034, also an all-time high.
- The diversification of the Fund's assets provides protection from market volatility.
- The Fund has adequate liquidity in place to meet cashflow requirements.
- The 2022 valuation assessed the Funding level to be 104%. For the reasons set out above, management are satisfied that the Warwickshire County Council Pension Fund is a going concern and the financial statements for 2023/24 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*.