Tamworth Borough Council

Statement of Accounts 2021/22

Tamworth - celebrating our heritage, creating a better future

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STATEMENT OF ACCOUNTS
2021/22
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THE NARRATIVE REPORT

The aim of this Narrative Report is to provide a context to the accounts by presenting a clear and simple summary of the Authority's financial position and performance for the year and its prospects for future years.

The statement of accounts presents the financial position and performance of the Authority for the year ended 31st March 2022. This narrative report describes the nature and purpose of each of the statements which follow and highlights the most significant matters which are contained within the accounts and the major influences affecting the Authority's income, expenditure and cash flows.

THE FINANCIAL STATEMENTS

The Annual Statement of Accounts for the year ended 31st March 2022 has been prepared in accordance with the guidelines contained within the latest Code of Practice on Local Authority Accounting in the United Kingdom for 2021/22.

The Code is based on International Financial Reporting Standards (IFRS), and has been developed by the CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board overseen by the Financial Reporting Advisory Board.

The Authority's accounts for 2021/22 are set out on pages 26 to 137 and consist of the following:

Core Financial Statements:

- **Comprehensive Income and Expenditure Account (CIES):** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The net effect to the Council taxpayer is shown in the Movement in Reserves Statement.

  A surplus of £73.5m is reported for 2021/22 (£6.6m deficit 2020/21). This is mainly explained by a re-measurement of the Net Defined Benefit Liability relating to the pension fund which resulted in a surplus of £21.7m (a deficit of £9.7m was reported in 2020/21) resulting mainly from financial assumption changes together with an increased return on assets.

  It also included a £41.8m gain on Revaluation of Property, Plant and Equipment Assets, as well as a surplus on the provision of services of £10.1m.

- **Movement in Reserves Statement:** shows the movement in the year on the different reserves held by the Authority, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The Movement in Reserves Statement shows a net General Fund surplus of £1.2m for the year. This equates to a favourable variance of £0.5m (the planned transfer from balances at the start of the year in the original budget was £0.3m) and has resulted in General Fund Balances of £9.2m (£8.0m – 2020/21). Earmarked General Fund Reserves have reduced by £2.6m to £15.5m resulting in total General Fund Reserves of £24.7m (£26.1m – 2020/21) and reflect the risks and uncertainties facing the Authority over the medium term.

- **Balance Sheet:** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are £271.0m (£197.5m 2020/21) which are matched by the reserves held by the Authority.

Key items are:

Long Term Assets

The Authority holds property, plant and equipment assets of £272.2m (£224.6m 2020/21) – mainly due to Council dwellings of £241.9m (£198.1m 2020/21).

Working Capital

Net working capital has increased to £48.3m (£40.9m 2020/21) mainly due to an increase of £13.0m in the level of investments balances as at 31/3/22.

Provisions, Usable Reserves and Balances

The working balances as at 31st March 2022 are £59.1m (£65.9m 2020/21) and comprise provisions, earmarked reserves, revenue balances and the unused element of capital receipts.

31st March 2021 £000	Provisions, Usable Reserves and Balances	31st March 2022 £000
2,637	Provisions	1,916
29,359	Earmarked Reserves	27,494
13,613	Revenue Balances	14,872
20,282	Unused Capital Receipts & Grants	14,804
65,891	Total Working Balances	59,086

Working balances of £27.0m (£31.7m 2020/21) relate to capital (including the Capital Reserve of £10.2m). Deferred capital expenditure of £30.5m from 2021/22 and previous years carried forward to 2022/23 will be financed in part from these balances (£27.5m 2020/21).

Borrowing Facilities

The Authority borrows funds where necessary to meet both long term capital expenditure commitments and short-term cash flow demands. Funds are borrowed from the Government (Public Works Loan Board - PWLB) and from the commercial money market (banks, building societies and other lenders). The Authority's debt at 31st March 2022 was £63.1m (£63.1m 2020/21) and was all borrowed from the PWLB.

Pensions

The pension fund deficit has reduced in the year to £32.4m (£50.2m 2020/21) and is required to be shown on the Balance Sheet of the Authority.

The change in financial assumptions adopted together with other experience for period ending 31st March 2022 can be approximately broken down as follows:

Change in Financial Assumptions and Other Experience	31st March 2022 £'000
Pension increase Rate	8,722
Salary increase Rate	829
Discount rate	(19,737)
Changes in demographic assumptions	(829)
Other experience	306
Return on assets	(10,958)
Total gain	(21,667)

- Pension Increase Rate – Market derived CPI inflation has risen over the period, which has led to a 0.35% increase in this assumption. This has served to increase the Employer's obligations and led to a loss of around £8.7m on the balance sheet.

- The change in the CPI inflation assumption is a result of underlying changes in market implied RPI, coupled with any changes in the RPI-CPI gap from the previous year. The breakdown of the impact of these components is as follows:

  a) Market implied RPI has risen over the period, which has led to a 0.35% increase in this assumption. This has served to increase the Employer's obligations and led to a loss of around £8.7m on the balance sheet.
  b) The derived gap between RPI and CPI remained the same as last year, which has had no impact on the pension increase assumption. This has had no impact on the Employer's obligations or on the balance sheet.

- Salary Increase Rate – the salary increase assumption has risen over the period by 0.35% in line with CPI inflation (as above), which underpins the Fund's standard salary increase assumption. This has served to increase the Employer's obligations and led to a loss of around £0.8m on the balance sheet.

- Discount rate – The corporate bond yield (upon which the discount rate is derived) has risen over the period, which has led to a 0.7% increase in this assumption. This has served to reduce the Employer's obligations and led to a gain of around £19.7m on the balance sheet.

- Changes in demographic assumptions (c.£0.8m gain on the balance sheet). The longevity assumptions have changed from the previous accounting period to reflect the latest available mortality improvement tables. This update has served to increase the Employer's obligations.

- Other experience (c.£0.3m loss on the balance sheet). 'Other experience' captures any adjustments made to the roll forward approach to allow for actual experience over the period. In the year immediately following a triennial funding valuation this item can be large as three years of actual membership experience flows through the accounts. However, in the other years following the funding valuation, the roll forward calculations do not make allowance for actual experience other than those noted below.

  a) Actual pension increase order – The actual PI order for April 2022 was 3.1%, which is higher than the pension increase rate assumption of 2.85% built into the obligations at the start of the accounting period. The impact of applying this higher increase assumption for this year serves to increase the obligations less than 0.5%.
  b) Unfunded pensioners – Where the Council has experienced more (or less) unfunded pensioner deaths over the period, this will give rise to a typically small experience gain (or loss) on the balance sheet.

- Return on assets excluding amounts included in net interest (c.£11.0m gain on the balance sheet). Any excess return (over and above the expected accounting return, i.e. the discount rate at the start of the accounting period) is recognised in the OCI. The total investment return achieved by the Fund over the accounting period was 13.9%, compared to an expected accounting return of 2.0%.

It should be noted that there has been no impact on the net cost to the taxpayer arising from this - contribution levels remain unchanged (an ongoing annual contribution of 16.5% p.a. plus a fixed lump sum element) arising from the formal valuation on 31st March 2019 (following the triennial review).

- **Cash Flow Statement:** shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

- **Supplementary Statements:**
  - **Housing Revenue Account:** reflects the statutory requirement to maintain a separate account for Council Housing.

    The overall revenue financial position relating to Council Housing as given on page 127 shows an increase in HRA balances for the year of £0.1m (£0.6m decrease in 2020/21).

    This equates to an underspend of £0.4m when compared to the approved budget for the year. This has resulted in an increase in balances from £5.6m to £5.7m to be carried forward to 2022/23. Earmarked HRA Reserves have increased by £0.3m (£2.9m increase – 2020/21) to £9.6m resulting in total HRA Reserves of £15.3m (£14.9m – 2020/21).

  - **The Collection Fund:** shows the Council Tax income collected on behalf of Staffordshire County Council, the Office of the Police and Crime Commissioner (OPCC), the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund.

    The fund also includes Non Domestic Rates income under the Business Rates Retention Scheme.

    The Collection Fund, subject to collection of outstanding arrears, achieved the following:

    - Council Tax – surplus of £1.5m (£1.0m – 2020/21, the Authority's share is 10%), of which £0.75m (£0.6m – 2020/21) will be distributed to preceptors during 2022/23;
    - NDR – deficit of £4.6m (£20.9m deficit in 2020/21) of which the Authority's share is 40%, mainly as a result of the significant level of additional business rates relief for retail, hospitality and leisure businesses due to the COVID-19 pandemic.

The deficit relating to the NDR collection fund includes a reduced provision of £4.8m, (£6.6m – 2020/21) with £1.9m being the Authority's share (£2.6m – 2020/21), for appeals outstanding on the 31st March 2022 of £35.2m (£98.9m – 2020/21).

This will mean that the deficit will be £1.8m (share for this Authority) for 2022/23 comparable to a deficit of £1.2m included within the 2022/23 budget. It should be noted that this will be funded in 2022/23 through additional section 31 Government grants received during 2021/22 (and transferred to reserve).

These accounting statements are supported by appropriate notes to the accounts and the General Accounting Policies. For 2021/22, the notes to support the primary statements include the relevant accounting policies as well as further detail regarding individual transactions.

CHANGES TO THE ACCOUNTS 2021/22

An updated Code of Practice, applicable for 2021/22 was issued by CIPFA in April 2021.

Changes reflected in the 2021/22 updated Code do, on the whole, have to be incorporated into the Authority's accounts but do not necessarily impact on the Authority's accounting policies. This is because the changes are principally around additional or changed disclosure notes, points of clarification and additional guidance etc.

The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance. The Code has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2021.

This is with the exception of IFRS 16 Leases, which had been deferred to the 2022/23 Code – but has subsequently been deferred again to 2023/24.

The key accounting changes applicable to the Authority in the 2021/22 edition of the Code include:

a) Confirmation of the arrangements for the endorsement of standards arising because of the United Kingdom's withdrawal from the European Union.

b) Amendments to Section 3.3 (Accounting Policies, Changes in Accounting Estimates and Errors) to confirm (but not introduce) the adaptation in Section 3.3 and Appendix C of the Code for standards issued but not yet adopted.

c) Augmentations to Section 3.4 (Presentation of Financial Statements) for the reporting of estimation uncertainty.

d) Amendments to Section 7.1 (Introduction etc) to confirm the replacement of IPSAS 29 *Financial Instruments: Recognition and Measurement* with IPSAS 41 *Financial Instruments*.

e) Confirmation in Sections 7.2 (Subsequent Measurement of Financial Assets and Financial Liabilities) and 7.3 (Financial Instruments – Disclosure and Presentation Requirements) of the reporting requirements of interest rate benchmark reform.

f) Confirmation in Appendix C (Changes in Accounting Policies: Disclosures in the 2020/21 and 2021/22 Financial Statements) of the transitional reporting requirements of the new standards introduced in the 2021/22 Code.

g) Confirmation in Appendix D (New or Amended Standards Introduced to the 2021/22 Code) of the new standards introduced to the 2021/22 Code.

Under the oversight of the Financial Reporting Advisory Board, the CIPFA/LASAAC Code Board is in a position to issue mid-year updates to the Code. This will only be done in exceptional circumstances.

In England and Wales, the Code constitutes a ‘proper accounting practice’ under the terms of Section 21(2) of the Local Government Act 2003. In Scotland, the Code constitutes proper accounting practice under Section 12 of the Local Government in Scotland Act 2003. In Northern Ireland, the status and authority of the Code derives from Regulation 2 of the Local Government (Capital Finance and Accounting) Regulations (Northern Ireland) 2011 and through the relevant accounts direction issued by the Department for Communities (Northern Ireland).

RESPONSE TO THE CORONAVIRUS PANDEMIC

The Council continued to support vulnerable people, deliver critical front line services in the ongoing response to COVID-19 during the year including the payment of significant levels of grants to local businesses, individuals through the test and trace scheme and expanded businesses rates relief to retail, hospitality and leisure businesses.

Importantly, the COVID-19 emergency, tested the Council's ability to move at pace, prioritise its service delivery and demonstrate its core values & purpose. Successfully the Council was able to: -

- Continue the delivery of all critical front line services. Specifically bin management, cleaning and grounds maintenance were continued;

- Increase residents' resilience and access to information through empowering and working with 'anchor' and third sector organisations to support our most vulnerable;

- Utilise Council resources effectively, with a significant shift to digital working solutions as well as the proactive and dynamic management of demand through deployment and combinations of home and agile working;

- Re-enforce Tamworth Communities offer through securing an intelligence led and positive data sharing platform with major stakeholders to support those extremely and / or clinically vulnerable;

- Continue to improve front line service delivery by delivering on previously agreed corporate projects such as CCTV shared service with the WMCA; de-mobilisation and mobilisation of multi-million pound repairs contract(s); implement significant policy changes, including the Council's allocation policy;

- Support our most vulnerable through preventing homelessness and helping people access suitable housing amidst major Government initiatives including the "everyone in" campaign, whilst also pausing non-essential moves.

The government has provided a range of financial support packages throughout the COVID-19 pandemic. These include additional funding to support the cost of services or offset other income losses and also grant packages to be paid out to support local businesses - administered by local billing authorities e.g. Restart Grants; Omicron Grants and Local Restrictions grants. Billing authorities are responsible for paying over the grants to the businesses and are then reimbursed by government using a grant under Section 31 of the Local Government Act 2003 (S31). Some of the schemes are fully reimbursed, others are a set allocation.

The Council has considered the nature and terms of the various COVID-19 measures in order to determine whether there is income and expenditure to be recognised in the Comprehensive Income and Expenditure Statement (CIES) in 2021/22 with regard to the general principle of whether the authority is acting as the principal or agent.

Where the Council is administering the distribution of the grant, is fully reimbursed for delivering that funding (and the authority is not liable for any overpayments), the amount of the award is predetermined based on business rate relief or rateable value, this indicates that the authority is acting as an intermediary for the Department for Business, Energy and Industrial Strategy (BEIS) and does not have 'control', accounting as an agent would be appropriate. Similarly, this is also the case for the Test and Trace grants awarded as an agent for the Department for Work and Pensions (DWP).

The grant has not been reported as income and expenditure, and balances relate only to sums due to or from the authority.

Where the Council has discretion over the businesses to support and the amount of the award, it is acting as a principal as opposed to acting as an agent, and transactions have been included in the financial statements.

The following table summarises the position for each of the grant support schemes.

Grant	Government Funding	Grants Paid 2020/21	Grants Paid 2021/22
	£'000	£'000	£'000
Small Business Grants Fund (SBGF) (to August 2020)	(7,290)	7,240	-
Retail, Hospitality and Leisure Grant Fund (RHLGF) (to August 2020)	(4,300)	4,300	(25)
The Local Restrictions Support Grant	(4,248)	3,032	1,215
Christmas Support Payment	(26)	25	-
Closed Businesses Lockdown Payment (CBLP)	(2,826)	2,013	811
Omicron Hospitality & Leisure	(402)	-	321
Restart Grants	(2,826)	-	3,084
Total Agent (BEIS)	**(21,918)**	**16,610**	**5,406**
Test and Trace Support Payment Scheme	(736)	130	666
Total Agent (DWP)	**(736)**	**130**	**666**
Additional Restrictions Grant (ARG)	(2,215)	1,018	1,200
Local Authority Discretionary Grant Fund (LADGF) (to August 2020)	(458)	458	-
Additional Restrictions Grant 5 (ARG5)	(98)	-	95
Total Principal (BEIS)	**(2,771)**	**1,476**	**1,295**

FINANCIAL OUTLOOK

The Medium Term Financial Planning process is being challenged by the ongoing uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties.

For two years, the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the COVID-19 pandemic. However, on 7th September 2021, the Chancellor wrote to Secretaries of State to confirm the government's intention to complete a multi-year Spending Review (SR2021), setting revenue and capital budgets for 2022/23 to 2024/25.

As part of the recent Spending Review, no announcement was made about the government's plans for funding reform or a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20, but which have been delayed a number of times.

The 2022/23 local government finance settlement has now been published, for one year only and is based on the Spending Review 2021 (SR21) funding levels. This is the first time since 2015 that, in the context of a multi-year Spending Review, the government has only provided local authorities with a single-year settlement.

No detailed announcements were made on funding reform, though *Government confirmed that it is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources.*

While this means the Council will be able to retain its business rate growth for 2022/23, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2023/24 as, over the coming months, the Government have stated that they will work with the sector before consulting on funding reform.

There is a high risk that these reforms will have a significant effect on the Council's funding level from 2023/24.

Financial resilience is and has been the key requirement for local authorities at any time, but in the current crisis it has assumed unprecedented importance. Cabinet on 22nd October 2020 approved the Recovery and Reset programme which aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings.

An update including recommendations for the next steps was approved at Cabinet 29th July 2021 including the continuing work the agreed actions to address the financial position in future years:

1. Financial Management and Commerciality – Seeking to remove historic underspends and adopt an in-service approach to rigorous and controlled spending.
2. Smart Working – Exploration of the business impacts around current levels of home working and what the future is for AGILE working.
3. Building Requirements and Utilisation – Consideration of the best use of all our property assets to ensure the council's resources are focused on front line service delivery.
4. Front Reception and Customer Service Offer – Exploration of customer service models to assess the impact of front reception closing during the pandemic and how acceleration of digitising services can be delivered whilst ensuring our most vulnerable customers retain face to face services.
5. Service Re-design and Review – An organisational wide review of each service to identify short, medium and longer-term opportunities to improve delivery of services central to the council's core purpose and strategic aims.
6. Third Sector Support and Vulnerability Strategy – Recognising that one of the most positive outcomes to the Pandemic is the overwhelming ability of 'anchor organisations and communities' to mobilise and support each other, this project will explore how the Council's commissioning framework can be aligned to build on these foundations going forward and how we define and develop our vulnerability strategy, building on the baseline assessment commissioned over the summer.
7. Economy and Regeneration - Work has continued on the future of our high street and alongside this the economic recovery and regeneration of Tamworth is central to our future Recovery and Reset.

Together with any opportunities arising from the response to the Covid-19 pandemic, for Member consideration during the budget process.

The overriding goal is to make sure our organisation remains fit for the future, while protecting services to the most vulnerable in our community.

The latest updates were considered during February by the Scrutiny Committees and an update provided to Cabinet on 7th April 2022. The programme was on track, all the risks were being managed and the highest risk currently identified was in the Economic & Regeneration workstream in terms of the viability of the regeneration of Marmion House.

Significant achievements have been made across the programme including:-

- Cabinet & Full Council decisions (22/10/20; 29/7/21 & 25/8/21) set to deliver a package of savings arising from Recovery & Reset Programme of c£3.5m;

- Robust governance arrangements, with attendance at the Council's main Scrutiny Committees, across all 7 of the Programme Project areas;

- Comprehensive Communications planning continuing to engage with a range of stakeholders;

- Successful SMART working project enabling agility across the Council's workforce, clearing the way for exciting regeneration and place shaping possibilities;

- Service transformation opportunities built into the Council's latest Medium Term Financial Strategy;

- Economic & Regeneration Project equipped to maximise opportunities to link place shaping objectives around the Levelling Up agenda and economic recovery arising from the Pandemic and external factors.

The Cabinet Report of 7th April 2022 set out recommendations on next steps, what the Customer Services Offer would look like, what the arrangements would be for Marmion House in terms of security and / or demolition.

As well as an overview of the three phases of the Service Re-design workstream, and that in particular the approach to Phase 3 had shifted to include a strategic assessment, including horizon scanning in terms of the extent of any organisational reviews beyond 2023. Further savings of £2.9m over 5 years were identified in the 2022/23 MTFS, through Phase 1 of the Reset & Recovery programme.

Work on the other areas within the Finance Workstream include a focus on a commerciality strategy to introduce a more business-like approach and to ensure staff had the required skills, and also to improve areas of training for staff in terms of financial processes, including procurement which would feed into the work on the value for money strategy, as well as a review of fees and charges.

The Council remains committed to promoting and stimulating economic growth and regeneration; meeting our housing needs; creating a vibrant town centre economy and protecting those most vulnerable in our communities. The Council is responding to these challenges by considering the opportunities to grow our income. We are ambitious with our commercial view and will continue to work hard to identify income streams that enable us to continue to meet the needs of our residents.

More than ever, we recognise that our financial capacity will be less than in previous years which means that we will need to maintain our approach to innovation, collaboration and transformation.

This approach will change the organisation and how it works; will require Members to put evidence and insight at the heart of our decision making to ensure that we are transparent about the rationale for our decisions and plans;

will involve managed risks and will sustain essential services critical in supporting the most vulnerable in our communities at a time when demand is increasing and resources reducing.

There have been increasing demands for councils to assess their going concern status in recent years. This assessment has become more relevant with doubts being expressed about whether some local authorities will be able to deliver their full range of service commitments given the financial pressures they face and with some councils issuing warnings about their future financial viability. These concerns have gained greater weight following the COVID-19 outbreak and the significant impact that it has had on council finances.
It is important to be clear that the Code of Practice under which local authorities operate confirms that councils have no ability to cease being a going concern.

It would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. However, as part of putting these accounts together, alongside its overall response to COVID-19, the Council's financial monitoring and planning has continued focus on providing assurance that its financial position remains secure. This includes looking at the COVID-19 related expenditure pressures, the direct impact on council income, assessment of any bad debt provisions and impairments required against existing debts and continued analysis of the Council's cashflow requirements.

In the immediate future, the level of the Council's reserve balances is a good indicator of its financial health and ability to withstand any short-term shocks. In addition, the statutory environment in which local authorities operate means that, were an authority to encounter financial difficulties, the prospect would be that central government would implement alternative arrangements for the continuation of services or provide assistance to allow the recovery of any deficit over more than one year. In the light of this and in the opinion of the Executive Director Finance, the Council remains in a sound financial position considering the statutory position held by local authorities and the relative strength of its sources of revenue. In the longer-term, the extent of recovery towards a more familiar post-COVID-19 operational environment and the continued work to redefine a new local government funding mechanism provide significant uncertainty for the whole sector.

FINANCIAL PERFORMANCE

General Fund

The main components of the General Fund approved budget and how these compare with actual income and expenditure are set out below.

General Fund	Actual £000	Approved Budget £000	Variance £000
(Surplus) or Deficit for the Year	**(1,103)**	**(636)**	**(467)**

The net income of the Authority was £1.1m, representing an underspend of £0.5m. Major differences between the budget and the outturn are as follows:-

Variance between Budget & Actual Outturn	£000	£000
Increased / Non-Budgeted Income		
New S31 grant income associated with administering LA grant schemes		(112)
Shortfalls in Income		
Reduced NDR Pool income returned due to lower NDR levels		138
Savings / Underspends		
NDR Levy reduced due to lower level of NDR income	(432)	
Joint Waste arrangements	(83)	(515)
Other Variances - Net (Underspends) / Overspends		22
Total (Favourable) / Unfavourable Variance		**(467)**

Council Housing

A summary of the Housing Revenue Account for 2021/22, compared with the approved budget (including decisions made by Members during the financial year) is shown below:-

Housing Revenue Account	Actual £000	Approved Budget £000	Variance £000
(Surplus) or Deficit for the Year	**(106)**	**343**	**(449)**

The net surplus was £0.1m, representing an underspend of £0.4m. Major differences between the budget and the outturn are as follows:-

Variance between Budget & Actual Outturn	£000	£000
Increased / Non-Budgeted Income		
Leaseholder Service Charges due	(307)	**(307)**
Non-Budgeted Expenditure / Overspends		
Housing Repairs - additional costs associated with response to COVID-19 including payments made under the Government guidance note PPN02/20	559	
Increased Contribution to Capital due to reinvestment of affordable rents in line with agreed policy	348	
Reduced interest on internal balances due to low interest rates	176	1,083
Savings / Underspends		
Housing Repairs - reduced responsive repairs	(476)	
Housing Repairs - reduced planned maintenance	(482)	
Housing Repairs - Voids	(222)	
Contribution to Reserves - planned surveys delayed	82	
Reduced interest costs on internal borrowing	(68)	
Contingency Budget not required	(110)	(1,276)
Other Variances - Net (Underspends) / Overspends		51
Total (Favourable) / Unfavourable Variance		**(449)**

Capital Expenditure

During 2021/22 the Authority spent £17.8m on capital expenditure (£9.5m in 2020/21). A breakdown by category and sources of finance is shown as Note 34 to the Core Financial Statements on page 103.

The majority of expenditure is related to improvement, enhancement or ongoing construction works:

Capital Expenditure	£m	£m
Housing Capital Programme		
Enhancements to Council Dwellings	4.8	
Improvements to the High Rise Flats	1.0	
Regeneration & Acquisition of Council Dwellings	4.2	10.0
General Fund Services		
Future High Street Fund Town Centre Regeneration	2.4	
Replacement Castle Grounds Play Area	0.4	
Investement in Property Funds	4.1	
Other Capital Schemes	0.9	7.8
Total		**17.8**

A total of £30.5m spending originally planned for 2021/22, or earlier, has been deferred to 2022/23 (£27.5m in the previous year). Included within this deferred expenditure:

Deferred Capital Expenditure	£000	£000
Housing Capital Programme		
Enhancements to Council Dwellings	1.7	
Improvements to the High Rise Flats	2.6	
Regeneration & Acquisition of Council Dwellings	5.9	
Regeneration & Acquisition of Council Dwellings	1.1	11.3
General Fund Services		
Future High Street Fund Town Centre Regeneration	11.3	
Solway Tamworth LTD LATC	4.0	
Gungate Development	0.7	
Repairs to Castle	0.4	
Gateways	0.4	
Community Woodland Cycleway	0.2	
Amington Community Woodland	0.8	
Disabled Facilities Grant	0.8	
Other Capital Schemes	0.6	19.2
Total		**30.5**

- During the year, the Authority disposed of land and property with capital receipts totalling £1.8m, primarily relating to the disposal of 25 Council Dwellings through Right to Buy sales.

NON-FINANCIAL PERFORMANCE

In February 2019 Council approved the Council's Corporate Plan for the period 2019 to 2022 with the continued focus on our plans and ambitions for 'people', 'place' and 'organisation'. As a result, the three thematic priorities again formed the basis of the Authority's strategic framework and specific ambitions. These specific ambitions served to place the thematic priorities into context by setting out the Authority's expectations for the plan period.

Living a quality life in Tamworth

and

Growing stronger together in Tamworth

by

Delivering quality services in Tamworth

However, it became evident that the plans, processes and strategies that have guided the organisation to date required a review and refresh if elected members are to respond to the demands from local people – and a new Vision, Strategic Priorities and Corporate Plan for the 3 years from 2022-2025 was approved by Council in February 2022.

This was brought together by councillors, during a number of councillor-led workshops and seminars, into a new refocused vision to reflect new priorities following more collaborative budget setting workshops which were held to ensure all councillors were able to have involvement in what is important to them and their residents.

Our new vision is '**Tamworth – celebrating our heritage, creating a better future'**

In order to achieve that vision, we have developed this new Corporate Plan which will be delivered with a workforce and organisation that has adapted to an unprecedented national challenge, working hand in hand with our partners and communities.

This new vision, together with our new Corporate Plan, details five areas of focus for the borough; including the key outcomes we are seeking to achieve and how we will work to achieve them. Each priority has a number of supporting areas of focus and progress will be achieved through the delivery of corporate and transformational projects; each having clearly defined objectives and outcomes.

TAMWORTH BOROUGH COUNCIL: VISION

'***Tamworth - celebrating our heritage, creating a better future***'

OUR PRIORITIES	AREAS OF FOCUS
1. The Environment	• Enforcement and education with regard to litter and fly-tipping • Development of infrastructure for acting on climate change • Support more people to recycle and to reduce waste • Working with partners to protect, maintain and improve the green space offer
2. The Economy	• Development of business initiatives to promote start up and growth • Support business growth to generate employment opportunities by working with businesses • Provision of good quality and affordable housing • Improve tourism in terms of good access information for visitors to help local businesses and Tamworth as a destination as a whole, maximise and improve the quality of the visitor experience
3. Infrastructure	• Review Local Plan to improve the transport links within Tamworth • Improve existing walkways and cycling routes • Ensure more people can access council services digitally / digital enhancement with partners and within Council housing stock
4. Living in Tamworth	• Ensure adequate supply of affordable housing through the Local Plan review • Investment in Neighbourhood and Place environment • Through our Economic Development team, we will support job creation and business retention and expansion through interventions and advice, and seek to protect the local economy where we can influence this. • Improve and promote Tamworth's historic and cultural assets and events • Community safety focus on neighbourhoods and place • Working with partners to ensure the fear of crime within Tamworth is reduced

OUR PRIORITIES	AREAS OF FOCUS
5. Town Centre	• Continue to develop street market and extend supporting events around the market to add vibrancy within the town centre • Create a branding scheme for “created in Tamworth” • Provide the infrastructure to improve evening and night time economy • Embrace Tamworth’s history and culture so as to build a sense of local pride and to support our children education and understanding of the significant part Tamworth played in British history • Continue to promote all outdoor events • Development of a new Tamworth Enterprise Centre as part of the structural transformation of the town centre • Make the town centre more accessible • Improve leisure and food offer • Improve night time transport

Further details on the Authority’s Key Performance Indicators for 2021/22 (and previous years) together with our vision and priorities for Tamworth, our values along with our performance are set out in **our Corporate Plan** which sets out our plans and priorities for the coming year, and is available from the Authority’s website:

http://www.tamworth.gov.uk/performance

Shown below, against our objectives, are some of our achievements in 2021/22. All that has been achieved is not included but we have identified those achievements which we feel will be of most community interest due to their impact and benefits.

HIGH LEVEL CORPORATE PLAN PROJECTS/PROGRAMMES

An update on the 2019 to 2022 Corporate Plan actions is shown below.

Corporate Project	Due Date	RAG Status	Commentary
Review of Corporate Capital Strategy	31st October 2022	✅	An update for Corporate Scrutiny Committee on the asset management work completed to date and details of the next steps planned, was reported on 1st February 2022.
Implement Customer Portal	30th November 2021	✅	Portal is live and members seminar booked for September. Further development of the system is planned and is part of the new corporate project "Digital Development Plan" so progress will be updated through that.
Organisational Development Strategy	1st October 2022	✅	Draft People and Organisational Development Strategy and Action Plan reviewed by Executive Director, Assistant Director People and Head of HR.
Welfare Reform	31st December 2021	✅	Project now completed.
Leisure Strategy	30th December 2022	✅	Tender now awarded.
Town Centre Programme	31st March 2022	✅	
Net Zero Carbon	2050	✅	Step 2 workstreams now set out.

Key to Symbols

RAG Status	Overall Project Status
✅	Project on track and in control
⚠	Project not on track but in control
🛑	Project not on track

CORPORATE RISK REGISTER

The Authority's Corporate risks for 2021/22 are outlined below.

Corporate Risk Register 2021/22

Finance/Financial stability

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
To ensure that the Council is financially sustainable as an organisation	05-May-2022	3	3	9	

Modernisation and commercial agenda

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Failure to Develop and implement Continuous Service improvement and develop employees to perform the right work	29-Apr-2022	2	2	4	

Governance

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Avoid bad practices and contravention of legislative requirements and ensure the authority is held to account	04-May-2022	3	2	6	

Community Focus

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Safety, health and wellbeing of the citizens of the borough	19-May-2022	3	3	9	

Economic Growth and Sustainability

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Lack of economic growth and sustainability in the Borough at the levels required	05-May-2022	3	3	9	

Organisational Resilience

Risk	Date Reviewed	Current Risk Severity	Current Risk Likelihood	Current Risk Rating	Current Risk Status
Failure to provide services or maintain the continued wellbeing and operations within the Borough	19-May-2022	3	3	9	

Risk Status	
	High Risk
	Medium Risk
	Low Risk

Further information about the Statement of Accounts is available from the Executive Director Finance, Tamworth Borough Council, Marmion House, Lichfield Street, Tamworth, Staffs. B79 7BZ.

Telephone : 01827 709242.
Email: stefan-garner@tamworth.gov.uk

This is part of the Authority's policy of providing full information about the Authority's affairs. In addition, interested members of the public have a statutory right to inspect the accounts before the audit is completed. The availability of the accounts for inspection is advertised on the Authority's website at www.tamworth.gov.uk

The information in this document may be made available in other selected languages. Copies may be made available on tape, in Braille or large print.

Statement of Responsibilities

The Authority's Responsibilities

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 Finance;

- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and

- Approve the Statement of Accounts.

The Executive Director Finances' Responsibilities

The Executive Director Finance is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Executive Director Finance has:

- selected suitable accounting policies and then applied them consistently;

- made judgements and estimates that were reasonable and prudent;

- complied with the Local Authority Code.

The Executive Director Finance has also:

- kept proper accounting records which were up to date; and

- taken reasonable steps for the prevention and detection of fraud and other irregularities.

This Statement of Accounts gives a true and fair view of the financial position of Tamworth Borough Council and its expenditure and income for the year ended 31st March 2022.

Stefan Garner CPFA
Executive Director Finance Dated: 15th November 2022

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

A breakdown of the individual services contained within the CIES headings are detailed within the Appendix to the CIES on page 161.

A detailed breakdown of the movement on the HRA is shown within the HRA Statements on page 126.

2020/21 Gross Expenditure £000	2020/21 Gross Income £000	2020/21 Net Expenditure £000	Comprehensive Income & Expenditure Statement	Notes	2021/22 Gross Expenditure £000	2021/22 Gross Income £000	2021/22 Net Expenditure £000
2,292	(828)	1,464	Chief Executive (GF)		2,446	(835)	1,611
3,454	(1,272)	2,182	Assistant Director Growth and Regeneration (GF)		2,615	(2,276)	339
718	(249)	469	Executive Director Organisation (GF)		743	(276)	467
2,690	(920)	1,770	Assistant Director People (GF)		3,143	(1,225)	1,918
4,823	(1,126)	3,697	Assistant Director Operations and Leisure (GF)		4,994	(3,359)	1,635
126	(33)	93	Executive Director Finance (GF)		144	(50)	94
15,460	(13,698)	1,762	Assistant Director Finance (GF)		14,881	(13,163)	1,718
776	(387)	389	Assistant Director Assets (GF)		(252)	(352)	(604)
1,428	(494)	934	Assistant Director Neighbourhoods (GF)		1,411	(714)	697
1,390	(304)	1,086	Assistant Director Partnerships (GF)		2,021	(404)	1,617
140	(112)	28	Executive Director Communities (HRA)		148	(74)	74
13,303	(18,870)	(5,567)	HRA Summary		7,214	(19,473)	(12,259)
126	-	126	Assistant Director People (HRA)		242	-	242
155	-	155	Assistant Director Operations and Leisure (HRA)		211	-	211
983	(428)	555	Assistant Director Assets (HRA)		1,156	(613)	543
4,422	(1,139)	3,283	Assistant Director Neighbourhoods (HRA)		4,768	(1,107)	3,661
4,459	(20)	4,439	Housing Repairs (HRA)		4,233	(69)	4,164
2,123	(4,266)	(2,143)	Exceptional Item : Response to COVID (GF)		1,339	(2,304)	(965)
58,868	**(44,146)**	**14,722**	**Cost of Services**	7	**51,457**	**(46,294)**	**5,163**

Gross Expenditure £000	2020/21 Gross Income £000	Net Expenditure £000	Comprehensive Income & Expenditure Statement	Notes	2021/22 Gross Expenditure £000	Gross Income £000	Net Expenditure £000
		189	Other Operating Expenditure	11			(8)
		657	Financing and Investment Income and Expenditure (FIIE)	12			(2,196)
		(10,143)	Taxation and Non Specific Grant Income	13			(13,022)
		5,425	**(Surplus) or Deficit on Provision of Services**	7			**(10,063)**
		(8,552)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	23a			(42,338)
		9,748	Re-measurement of the Net Defined Benefit Liability	23c			(21,667)
		1,196	**Other Comprehensive Income and Expenditure**				**(64,005)**
		6,621	**Total Comprehensive Income and Expenditure**				**(74,068)**

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into ‘Usable Reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net (Increase) / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from Earmarked Reserves undertaken by the Authority.

The reserve movements for 2020/21 and 2021/22 are shown on the following pages.

Movement in Reserves Statement 2020/21

	General Fund Balance	Earmarked Reserves	Total General Fund Balances	Housing Revenue Account	Earmarked HRA Reserves	Total HRA Balances	Capital Receipts Reserve	Major Repairs Reserve Note HRA 3	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 1st April 2020	6,882	9,387	**16,269**	6,252	6,307	**12,559**	20,175	1,482	256	**50,741**	153,418	**204,159**
Movement in Reserves during 2020/21												
Surplus or (Deficit) on the Provision of Services	(1,228)	-	**(1,228)**	(4,197)	-	**(4,197)**	-	-	-	**(5,425)**	-	**(5,425)**
Other Comprehensive Income and Expenditure	-	-	**-**	-	-	**-**	-	-	-	**-**	(1,196)	**(1,196)**
Total Comprehensive Income and Expenditure	**(1,228)**	**-**	**(1,228)**	**(4,197)**	**-**	**(4,197)**	**-**	**-**	**-**	**(5,425)**	**(1,196)**	**(6,621)**
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 9)	11,069	-	**11,069**	6,490	-	**6,490**	(188)	528	39	**17,938**	(17,938)	**-**
Net (Increase) / Decrease before transfers to Earmarked Reserves	**9,841**	**-**	**9,841**	**2,293**	**-**	**2,293**	**(188)**	**528**	**39**	**12,513**	**(19,134)**	**(6,621)**
Transfers to / (from) Earmarked Reserves (Note 10)	(8,721)	8,721	-	(2,934)	2,934	-	-	-	-	**-**	-	**-**
Increase / (Decrease) in 2020/21	**1,120**	**8,721**	**9,841**	**(641)**	**2,934**	**2,293**	**(188)**	**528**	**39**	**12,513**	**(19,134)**	**(6,621)**
Balance as at 31st March 2021	**8,002**	**18,108**	**26,110**	**5,611**	**9,241**	**14,852**	**19,987**	**2,010**	**295**	**63,254**	**134,284**	**197,538**

Movement in Reserves Statement 2021/22

	General Fund Balance £000	Earmarked Reserves £000	Total General Fund Balances £000	Housing Revenue Account £000	Earmarked HRA Reserves £000	Total HRA Balances £000	Capital Receipts Reserve £000	Major Repairs Reserve Note HRA 3 £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance as at 1st April 2021	**8,002**	**18,108**	**26,110**	**5,611**	**9,241**	**14,852**	**19,987**	**2,010**	**295**	**63,254**	**134,284**	**197,538**
Movement in Reserves during 2021/22												
Surplus or (Deficit) on the Provision of Services	9,160	-	**9,160**	903	-	**903**	-	-	-	**10,063**	-	**10,063**
Other Comprehensive Income and Expenditure	-	-	**-**	-	-	**-**	-	-	-	**-**	64,005	**64,005**
Total Comprehensive Income and Expenditure	**9,160**	**-**	**9,160**	**903**	**-**	**903**	**-**	**-**	**-**	**10,063**	**64,005**	**74,068**
Adjustments between Accounting Basis and Funding Basis Under Regulations (Note 9)	(10,610)	-	**(10,610)**	(496)	-	**(496)**	(5,603)	437	125	**(16,147)**	16,147	**-**
Net (Increase) / Decrease before transfers to Earmarked Reserves	**(1,450)**	**-**	**(1,450)**	**407**	**-**	**407**	**(5,603)**	**437**	**125**	**(6,084)**	**80,152**	**74,068**
Transfers to / (from) Earmarked Reserves (Note 10)	2,603	(2,603)	**-**	(301)	301	**-**	-	-	-	**-**	-	**-**
Increase / (Decrease) in 2021/22	**1,153**	**(2,603)**	**(1,450)**	**106**	**301**	**407**	**(5,603)**	**437**	**125**	**(6,084)**	**80,152**	**74,068**
Balance as at 31st March 2022	**9,155**	**15,505**	**24,660**	**5,717**	**9,542**	**15,259**	**14,384**	**2,447**	**420**	**57,170**	**214,436**	**271,606**

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The Net Assets of the Authority (assets less liabilities) are matched by the Reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are Usable Reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments Between Accounting Basis and Funding Basis Under Regulations'.

31st March 2021 £000	Balance Sheet	Notes	31st March 2022 £000
224,614	Property, Plant & Equipment	14	272,244
3,575	Heritage Assets	15	3,677
23,691	Investment Property	16	25,502
327	Intangible Assets		439
8,643	Long Term Investments	17	13,095
12,758	Long Term Debtors	17	12,777
273,608	**Long Term Assets**		**327,734**
42,168	Short Term Investments	17	55,195
34	Inventories		29
2,470	Short Term Debtors	18	3,459
10,974	Cash & Cash Equivalents	19	13,458
55,646	**Current Assets**		**72,141**
-	Cash & Cash Equivalents	19	(1,233)
(311)	Short Term Borrowing	17	(309)
(13,755)	Short Term Creditors	21	(21,727)
(730)	Provisions	22	(549)
(14,796)	**Current Liabilities**		**(23,818)**
(1,907)	Provisions	22	(1,367)
(63,060)	Long Term Borrowing	17	(63,060)
(50,197)	Other Long Term Liabilities	23c/38	(32,366)
(358)	Capital Grants Receipts in Advance	32	(7,612)
(1,398)	Revenue Grants Receipts in Advance		(46)
(116,920)	**Long Term Liabilities**		**(104,451)**
197,538	**Net Assets**		**271,606**
63,254	Usable Reserves		57,170
134,284	Unusable Reserves	23	214,4436
197,538	**Total Reserves**		**271,606**

Stefan Garner CPFA
Executive Director Finance Dated: 15th November 2022

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance.

Cash Flow Statement

The Cash Flow Statement shows the changes in Cash and Cash Equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses Cash and Cash Equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing Activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from Financing Activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2020/21 £000	Cashflow Statement	Notes	2021/22 £000
5,425	Net (Surplus) or Deficit on the Provision of Services		(10,063)
(25,948)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for non-cash movements		(9,970)
3,427	Adjustments for items included in the Net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities		6,547
(17,096)	Net cash flows from Operating Activities (Surplus)/Deficit	24	(13,486)
1,051	Investing Activities	25	18,909
10,334	Financing Activities	26	(6,674)
(5,711)	Net (increase) or decrease in Cash and Cash Equivalents		(1,251)
5,263	Cash and Cash Equivalents at the beginning of the reporting period		10,974
10,974	**Cash and & Cash Equivalents at 31st March 2022**	19	**12,225**

Notes to the Core Financial Statements – Summary **Page**

NOTES TO THE ACCOUNTS

1. Accounting Policies

BASIS FOR PREPARATION

The notes relating to specific financial statement lines include the corresponding accounting policy. As a result, there is not an overall principal accounting policies note. However, the general accounting policies where there are not any accompanying notes are detailed within this note.

i. GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2021/22 financial year and its position at the year end of 31st March 2022. The Accounts and Audit Regulations (England) 2015 require the Authority to prepare an Annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of Non Current Assets and Financial Instruments.

ii. ACCRUALS OF INCOME AND EXPENDITURE

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, other than prepayments which are accounted for on a cash basis. In particular:

a) Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;

b) Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as Inventories on the Balance Sheet;

c) Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

d) 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;

e) Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

The Authority's policy is to review all accruals over £1k together with payments and receipts over £5k made in February, March and April to ensure that they are recorded in the appropriate period. Any accruals below this amount are not considered to be material.

iii. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

iv. CHARGES TO REVENUE FOR NON CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

a) depreciation attributable to the assets used by the relevant service;
b) revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
c) amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

v. COUNCIL TAX AND NON-DOMESTIC RATES (ENGLAND)

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (ie the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Taxation and Non-Specific Grant Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

vi. INTANGIBLE ASSETS

Expenditure on non monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the Intangible Asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the authority will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the authority can be determined by reference to an active market. In practice, no intangible asset held by the authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

vii. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

viii. FAIR VALUE MEASUREMENT

The Authority measures some of its non-financial assets such as Surplus Assets and Investment Properties and some of its financial instruments at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

a) in the principal market for the asset or liability, or

b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Authority uses internal and external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Authority's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

ix. INTERESTS IN COMPANIES AND OTHER ENTITIES

The authority has no material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

x. INVENTORIES AND LONG-TERM CONTRACTS

Inventories are included in the balance sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO/weighted average costing formula.

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the UK (the Code) requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

a) There are a number of amendments as a result of the annual IFRS improvement programme but these are not expected to have a material impact on the Council's accounts.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in the notes to the accounts, the Authority has 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:

- The Authority has a Joint Waste Management arrangement with Lichfield District Council (LDC) as the host Authority responsible for management of the arrangement including the refuse fleet. Each Council is responsible for showing its share of income and expenditure and assets and liabilities within its Financial Statements.

  In February 2016 the LDC procured a new waste fleet using a contract hire arrangement that has been evaluated under IAS 17 as a finance lease. The value of assets procured and the finance lease obligation was £2.2m.

  A further £680k of assets was added to this during 2016/17. At 31 March 2022 the Net Book Value of the assets was £nil and the value of the finance lease obligation was £342k. The assets of the operation in respect of vehicles, equipment, land and buildings have been assessed as being under the control of Lichfield District Council and are therefore shown that Authority's Balance Sheet. The Joint Waste Service shares joint income and expenditure based on the ratio of properties in each area and the current ratio is 58.3% Lichfield and 41.7% Tamworth

  The Authority only includes within its accounts the payments it makes to LDC in respect of the service and its own assets which are used for the provision of the service. Payments to LDC are based on an agreed percentage of the total net cost of providing the service, based on the number of properties in each area, currently 41.7% for the Authority.

4. Assumptions Made About the Future & Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority 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 the Authority's Balance Sheet at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	Adjustment to the level of liability on the Balance Sheet. During the year the overall liability decreased from £50.2m to £32.4m (following an increase from £41.3m to £50.2m in 2020/21) – see Note 38 on page 109. Variations in the key assumptions will have the following impact on the net liability: A 0.1% decrease in the real discount rate will increase the net pension liability by £2.8m (2%); A 0.1% increase in the assumed level of salary increases will increase the net pension liability by £0.2m (0%); and A 0.1% increase in the assumed level of pension increases will increase the net pension liability by £2.5m (2%).
Business Rates Retention	The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme that enabled local authorities to retain a proportion of the Business Rates generated in their area. The arrangements for the Business Rates came into effect on 1st April 2013. Billing authorities acting as agents on behalf of the major preceptors, Central Government and themselves and are required to make provisions for refunding ratepayers who have successfully appealed against the rateable	The Authority has included a provision of £1.9m (the overall provision in the Business Rates Collection Fund is £4.7m and the Authority's share of the Local Business Rates Retention scheme is 40%) for appeals outstanding on the 31st March 2022 of £35.2 m. Local businesses can appeal against the Rateable Value on the 2010 Rating list under limited circumstances and can also appeal against the Rateable Value on the 2017 Rating List.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	value of their properties on the rating List. Staffordshire was successful in the application to become a 75% Business Rate Retention Pilot for 2019/20. The Staffordshire and Stoke on Trent Business Rates Pilot consisted of Staffordshire County Council (SCC); Stoke on Trent City Council (SoTCC), all 8 District /Borough Councils and the Staffordshire Commissioner for Police, Fire and Rescue and Crime (SPFCC) – for both the Police and Fire and Rescue Services (FARS). The pilot allowed 75% of Business Rates to be retained locally with 40% retained by the Districts, 34% by the County (74% for SoTCC as a Unitary Authority) and 1% for the FARS. Previously, the Council was a Member of the GBSLEP business rates pool. Half of the rates revenue was retained locally with Billing authorities acting as agents on behalf of the major preceptors (SCC 9% / SFARS 1%), Central Government (50%) and themselves (40%). The government announced that business rate pilot pools established for 2019/20 would not be allowed to continue and the pilot business rate pool ceased on 31st March 2020. The bid for a new business rate retention pool reverting back to the 50% retention scheme consisting of SoTCC, SCC, SFARS and the 8 District Councils was successful for 2020/21 and continued into 2021/22.	The 2017 Rating List is subject to a fresh approach to appeals known as "Check, Challenge & Appeal" (CCA) which means that before an appeal is made the Rateable Value may be amended upon negotiation between the Valuation Office and the ratepayer (or their agents). This process will inevitably lead to a delay in appeals being made. It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal in the future and the Authority has therefore made provision in the accounts based on professional advice from independent valuers. The pool currently has large growth, however, there is uncertainty for the level of future income, which cannot be quantified at present, due to the planned reform of Local Government funding and the potential for a large rise in appeals and the potential economic impact of COVID-19.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment and Investment Properties	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. The Council's external valuers provided valuations as at 31st March 2022 following a review of all (100%) of its operational portfolio. The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Council external valuers.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for Council dwellings would increase by c.£59k for every year that useful lives had to be reduced. A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is £264.9m (£241.4m Council Dwellings and £23.5m Other Land and Buildings). A 1% movement in their valuation would equate to £26.5m. With regard to investment properties, a 1% movement in their valuation would equate to £2.4m.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

5. Material Items of Income and Expense

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance. This note identifies material items of income and expense. For the purposes of this note the Authority considers material items to be those greater than £1.15m.

During the year the General fund processed a large number of additional payments, and received additional funding all relating to COVID-19 support. The narrative to this Statement provides more detail on these payments but the material items are shown in the following table:

Grant	Government Funding	Grants Paid 2020/21	Grants Paid 2021/22
	£'000	£'000	£'000
The Local Restrictions Support Grant	(4,248)	3,034	1,215
Closed Businesses Lockdown Payment (CBLP)	(2,826)	2,011	811
Omicron Hospitality & Leisure	(402)	-	321
Restart Grants	(2,826)	-	3,084
Test and Trace Support Payment Scheme	(736)	130	666
Additional Restrictions Grant (ARG)	(2,215)	1,018	1,200

Included in the table are items where the Authority acted as principal or agent, i.e. acting as an intermediary. The items where the Authority acted as principal were the Additional Restrictions Grant.

As a result of the COVID-19 pandemic the authority incurred additional expenditure, shown separately on the CIES, totalling £1.3m in relation to the grants, Council Tax hardship payments and a general increase in some service costs required to meet stricter COVID-19 regulations. This was offset by £2.3m additional grant income.

6. Events after the Reporting Period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date (31st March 2022) and the date when the Statement of Accounts is authorised for issue (22nd July 2022). Two types of events can be identified:

a) those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;

b) those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where such a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

The Statement of Accounts was authorised for issue by the Executive Director Finance on 22nd July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

7. Expenditure and Funding Analysis and Adjustment Detail

This statement shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2020/21			Expenditure Funding Analysis	2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
			Cost of Services			
1,464	-	1,464	Chief Executive	1,581	30	1,611
1,024	1,158	2,182	Assistant Director Growth and Regeneration	28	311	339
461	8	469	Executive Director Organisation (GF)	434	33	467
1,618	152	1,770	Assistant Director People (GF)	1,733	187	1,918
2,898	799	3,697	Assistant Director Operations and Leisure (GF)	984	651	1,635
94	(1)	93	Executive Director Finance	95	(1)	94
1,757	5	1,762	Assistant Director Finance	1,492	226	1,718
237	152	389	Assistant Director Assets (GF)	327	(931)	(604)
894	40	934	Assistant Director Neighbourhoods (GF)	585	112	697
1,039	47	1,086	Assistant Director Partnerships	904	713	1,617
25	3	28	Executive Director Communities (HRA)	76	(2)	74
(15,540)	9,973	(5,567)	HRA Summary	(16,017)	3,758	(12,259)
121	5	126	Assistant Director People (HRA)	219	23	242
152	3	155	Assistant Director Operations and Leisure (HRA)	184	27	211
541	14	555	Assistant Director Assets (HRA)	445	98	543
3,207	76	3,283	Assistant Director Neighbourhoods (HRA)	3,278	383	3,661
4,439	-	4,439	Housing Repairs	4,164	-	4,164
(2,143)	-	(2,143)	Exceptional Item : Response to COVID	(965)	-	(965)
2,288	**12,434**	**14,722**	**Net Cost of Services**	**(453)**	**5,618**	**5,163**

2020/21			Expenditure Funding Analysis	2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
(14,422)	5,125	(9,297)	Other Comprehensive Income and Expenditure	1,496	(16,722)	(15,226)
(12,134)	**17,559**	**5,425**	**(Surplus) / Deficit on Provision of Services**	**1,043**	**(11,104)**	**(10,063)**
(28,828)			**General Fund and HRA balances B/fwd**	(40,962)		
(12,134)			**(Surplus) / Deficit on Provision of Services**	1,043		
(40,962)			**Closing General Fund and HRA Balances**	(39,919)		

2020/21				Expenditure Funding Analysis Adjustment Detail	2021/22			
Adjustments for Capital Purposes (Note a) £000	Net Change for Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments £000		Adjustments for Capital Purposes (Note a) £000	Net Change for Pensions Adjustments (Note b) £000	Other Differences (Note c) £000	Total Adjustments £000
				Cost of Services				
-	4	(4)	**-**	Chief Executive	-	29	1	**30**
1,113	45	-	**1,158**	Assistant Director Growth and Regeneration	8	292	11	**311**
-	6	2	**8**	Executive Director Organisation (GF)	-	32	1	**33**
141	5	6	**152**	Assistant Director People (GF)	178	22	(13)	**187**
726	67	6	**799**	Assistant Director Operations and Leisure (GF)	224	420	7	**651**
-	-	(1)	**(1)**	Executive Director Finance	-	-	(1)	**(1)**
-	-	5	**5**	Assistant Director Finance	-	228	(2)	**226**
148	5	(1)	**152**	Assistant Director Assets (GF)	(963)	30	2	**(931)**
22	16	2	**40**	Assistant Director Neighbourhoods (GF)	23	92	(3)	**112**
27	16	4	**47**	Assistant Director Partnerships	621	92	-	**713**
-	-	3	**3**	Executive Director Communities (HRA)	-	-	(2)	**(2)**
9,966	7	-	**9,973**	HRA Summary	3,733	25	-	**3,758**
-	3	2	**5**	Assistant Director People (HRA)	-	24	(1)	**23**
-	3	-	**3**	Assistant Director Operations and Leisure (HRA)	-	27	-	**27**
-	16	(2)	**14**	Assistant Director Assets (HRA)	-	94	4	**98**
10	62	4	**76**	Assistant Director Neighbourhoods (HRA)	11	374	(2)	**383**
12,153	**255**	**26**	**12,434**	**Net Cost of Services**	**3,835**	**1,781**	**2**	**5,618**
(4,550)	916	8,759	**5,125**	Other Comprehensive Income and Expenditure	(11,173)	1,045	(6,594)	**(16,722)**
7,603	**1,171**	**8,785**	**17,559**	**(Surplus) / Deficit on Provision of Services**	**(7,338)**	**2,826**	**(6,592)**	**(11,104)**

7a) Adjustments for Capital Purposes

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7b) Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* 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 with current service costs and past service costs.

- **Financing and investment income and expenditure –**- the net interest on the defined benefit liability is charged to the CIES.

7c) Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.

- **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8. Expenditure and Income Analysed by Nature

2020/21 £000	Expenditure and Income Analysed by Nature	2021/22 £000
	Expenditure	
12,542	Employee Benefits Expenses	12,767
34,365	Other Services Expense	32,701
14,373	Depreciation, Amortisation and Impairment	3,260
1,171	Retirement Benefits	2,822
645	REFCUS	641
421	Payments to Housing Capital Receipts Pool	418
63,517	**Total Expenditure**	**52,609**
	Income	
(232)	Gain on Disposal of Assets	(426)
(28,316)	Fees, Charges and Other Service Income	(32,540)
(1,478)	Interest and Investment Income	(1,415)
867	Income from Council Tax, NNDR and District Rates Income*	(6,457)
(28,933)	Government Grants and Contributions	(21,834)
(58,092)	**Total Income**	**(62,672)**
5,425	**(Surplus) / Deficit on Provision of Services**	**(10,063)**

* Net of NDR Tariff payment of £10.4m (£10.4m 2020/21).

9. Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	£000	£000	£000	£000	£000	£000
2020/21						
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of Non-Current Assets;	(378)	(7,186)	-	-	-	7,564
Revaluation losses on Property, Plant and Equipment;	(1,071)	(5,723)	-	-	-	6,794
Movements in the market value of Investment Properties;	146	-	-	-	-	(146)
Movement in Fair Value of Capital Property Fund Investments	(77)	-	-	-	-	77
Amortisation of Intangible Assets;	(84)	-	-	-	-	84
Capital Grants and Contributions Applied;	668	1,400	-	-	-	(2,068)
Movement in the Donated Assets Account	-	-	-	-	-	-
Revenue Expenditure Funded from Capital Under Statute (REFCUS);	(645)	-	-	-	-	645
Amounts on Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	-	(1,127)	-	-	-	1,127
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment - Minimum Revenue Provision;	110	-	-	-	-	(110)
Capital expenditure charged against the General Fund and HRA balances.	273	2,191	-	-	-	(2,464)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	39	-	-	-	(39)	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement;	40	1,349	(1,389)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure;			1,130	-	-	(1,130)
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals;	-	(30)	30	-	-	-

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	£000	£000	£000	£000	£000	£000
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool;	(421)	-	421	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	(11)	-	(4)	-	-	15
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA;	-	2,933	-	(2,933)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	2,405	-	(2,405)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 38);	(2,767)	(872)	-	-	-	3,639
Employer's pensions contribution and direct payments to pensioners payable in the year.	1,886	582	-	-	-	(2,468)
Adjustment primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and Non Domestic Rating Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non Domestic Rating Income calculated for the year in accordance with statutory requirements.	(8,757)	-	-	-	-	8,757
Adjustment primarily involving the Accumulated Absences Account:						
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.	(20)	(7)	-	-	-	27
Total Adjustments 2020/21	**(11,069)**	**(6,490)**	**188**	**(528)**	**(39)**	**17,938**

Adjustments between Accounting Basis and Funding Basis Under Regulations	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Unusable Reserves
	£000	£000	£000	£000	£000	£000
2021/22						
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of Non-Current Assets;	(376)	(9,120)	-	-	-	9,496
Revaluation losses on Property, Plant and Equipment;	1,043	2,331	-	-	-	(3,374)
Movements in the market value of Investment Properties;	1,691	-	-	-	-	(1,691)
Movement in Fair Value of Capital Property Fund Investments	1,311	-	-	-	-	(1,311)
Amortisation of Intangible Assets;	(119)	(21)	-	-	-	140
Capital Grants and Contributions Applied;	3,149	-	-	-	-	(3,149)
Movement in the Donated Assets Account	-	-	-	-	-	-
Revenue Expenditure Funded from Capital Under Statute (REFCUS);	(641)	-	-	-	-	641
Amounts on Non Current Assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement.	(7)	(1,378)	-	-	-	1,385
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Statutory provision for the financing of capital investment - Minimum Revenue Provision;	158	-	-	-	-	(158)
Statutory provision for the financing of capital investment - Voluntary Revenue Provision;	-	-	-	-	-	-
Capital expenditure charged against the General Fund and HRA balances.	231	4,512	-	-	-	(4,743)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	125	-	-	-	(125)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement;	29	1,815	(1,844)	-	-	-

Use of the Capital Receipts Reserve to finance new capital expenditure;			6,996	-	-	(6,996)
Contribution from the Capital Receipts Reserve towards administrative costs of Non-Current Asset disposals;	-	(33)	33	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool;	(418)	-	418	-	-	-
Transfer from Deferred Capital Receipts Reserve upon receipt of cash.	(12)	-	-	-	-	12
Adjustment primarily involving the Deferred Capital Receipts Reserve:						
Transfer of deferred sale proceeds credited as part of the gain/ loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-
Transfer of Kickstart loans from Birmingham City Council	-	-	-	-	-	-
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA;	-	3,065	-	(3,065)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure.	-	-	-	2,628	-	(2,628)
Adjustment primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-	-	-	-	-	-
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement (see Note 38);	(3,998)	(1,240)	-	-	-	5,238
Employer's pensions contribution and direct payments to pensioners payable in the year.	1,851	565	-	-	-	(2,416)
Adjustment primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax and Non Domestic Rating Income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax and Non Domestic Rating Income calculated for the year in accordance with statutory requirements.	6,594	-	-	-	-	(6,594)
Adjustment primarily involving the Accumulated Absences Account:						
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.	(1)	-	-	-	-	1
Total Adjustments 2021/22	**10,610**	**496**	**5,603**	**(437)**	**(125)**	**(16,147)**

10. Transfers to / (from) Earmarked Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund or Housing Revenue Account balance.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund or Housing Revenue Account balance so that there is no net charge against Council Tax or housing rent for the expenditure.

Certain reserves are kept to manage the accounting processes for Non Current Assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority - these reserves are explained in the relevant policies.

This note sets out the amounts set aside from the General Fund and HRA Balances in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund and HRA Expenditure in 2021/22.

Transfers to / (from) Earmarked Reserves	Balance at 1st April 2020 £000	Transfers Out 2020/21 £000	Transfers In 2020/21 £000	Balance at 31st March 2021 £000	Transfers Out 2021/22 £000	Transfers In 2021/22 £000	Balance at 31st March 2022 £000
General Fund:							
Future Capital Expenditure	**1,992**	(1,419)	722	**1,295**	(51)	347	**1,591**
Temporary Reserves	**821**	(323)	781	**1,279**	(528)	826	**1,577**
Retained Funds	**3,375**	(753)	8,219	**10,841**	(7,217)	2,793	**6,417**
Commuted Sums	**2,128**	(82)	90	**2,136**	(1,955)	3,379	**3,560**
Other Reserves	**1,071**	(487)	1,973	**2,557**	(761)	564	**2,360**
Total	**9,387**	**(3,064)**	**11,785**	**18,108**	**(10,512)**	**7,909**	**15,505**
HRA:							
Future Capital Expenditure	**5,818**	(3,558)	6,052	**8,312**	(4,512)	4,776	**8,576**
Temporary Reserves	**115**	(115)	573	**573**	(267)	316	**622**
Retained Funds	**312**	(18)	-	**294**	(31)	19	**282**
Other Reserves	**62**	-	-	**62**	-	-	**62**
Total	**6,307**	**(3,691)**	**6,625**	**9,241**	**(4,810)**	**5,111**	**9,542**

Future Capital Expenditure: The Authority maintains a Capital Reserve under the provisions of the Local Government (Miscellaneous Provisions) Act 1976. It is Authority policy to make advances from this fund to various services.

Temporary Reserves: These have been established by the transfer of funds from revenue in order to finance specific identified schemes or potential needs.

Retained Funds: These have been established in order to finance recurring irregular expenditure for a specific purpose.

Commuted Sums: These are monies deposited by contractors to finance future maintenance expenditure incurred as a result of the various developments.

Other Reserves: The largest of these is the Building Repairs Fund that is held for the maintenance of Municipal buildings, including commercial properties.

11. Other Operating Expenditure

2020/21 £000	Other Operating Expenditure	2021/22 £000
421	Payments to the Government Housing Capital Receipts Pool	418
(232)	(Gains) / losses on the disposal of Non Current Assets	(426)
189	**Total**	**(8)**

12. Financing & Investment Income & Expenditure

2020/21 £000	Financing and Investment Income and Expenditure	2021/22 £000
2,664	Interest payable and similar charges	2,604
913	Pension interest costs and expected return on pensions assets	1,031
(639)	Interest receivable and similar income	(576)
(840)	Finance Lease Income	(839)
(1,518)	(Income) and expenditure in relation to investment properties and changes in their fair value	(3,105)
77	Investment impairment	(1,311)
657	**Total**	**(2,196)**

13. Taxation & Non Specific Grant Income

2020/21 £000	Taxation and Non Specific Grant Incomes	2021/22 £000
(4,077)	Council Tax income	(4,291)
(5,462)	Non Domestic Rates	(12,572)
10,405	Non Domestic Rates - Tariff	10,406
565	Non Domestic Rates - Levy to Pool	730
(9,467)	Non ringfenced government grants	(4,021)
(2,107)	Capital grants and contributions	(3,274)
(10,143)	**Total**	**(13,022)**

A detailed breakdown of the grants and contributions credited to the Comprehensive Income and Expenditure Statement in 2021/22 is shown in Note 32 on page 97.

14. Property, Plant & Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

a) Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, subject to a de minimus level of £10k, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

b) Measurement

Assets are initially measured at cost, comprising:

i. the purchase price;
ii. any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
iii. the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

i. Infrastructure, Community Assets and Assets Under Construction – depreciated historical cost;
ii. Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH); and
iii. all other assets – current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value – EUV).

Where there is no market-based evidence of current value because of the specialised nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of current value. Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value. In the case of the Assembly Rooms and Cemeteries valuations, there is no active market and so DRC is used.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years – including an annual desktop review of all Council Dwellings. A review of the valuation of all significant assets is undertaken annually.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

i. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down firstly against that balance (up to the amount of the accumulated gains);
ii. where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

c) Impairment

Assets are assessed at each year end as to 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.

Where the Authority has incurred capital expenditure on Council dwellings this is included within the Gross Book Value (GBV) and where it is not considered to add value it is included as impairment. These impairments are subject to write out annually.

The Authority has an ongoing programme of regeneration including disposal and redevelopment of garage sites. Where the decision had been made to dispose of a garage site, the value of the buildings element has been impaired to zero leaving only a residual land value.

Where impairment losses are identified, they are accounted for by:

i. where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down firstly against that balance (up to the amount of the accumulated gains);
ii. where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

d) Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. Assets Under Construction).

Deprecation is calculated on the following bases:

i. **Council Housing Stock:** on a straight line basis to an appropriate residual value over the expected useful life of the asset of 50 years.

ii. **Other Buildings:** on a straight line basis to a nil residual value over the expected useful life of the asset being a range of 5 years to 70 years.

Historical properties: on a straight line basis to a nil residual value over the expected useful life of the asset being over 100 years

iii. **Vehicles, Plant and Equipment:** on a straight line basis to a nil residual value over the expected useful life of the asset, being between 1 and 30 years.

iv. **Infrastructure:** on a straight line basis to a nil residual value over the expected useful life of the asset of 30 years.

v. **Community Assets:** on a straight line basis to a nil residual value over the expected useful life of the asset of 100 years.

vi. **Heritage Assets:** the Authority considers that the Heritage Assets held will have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation for the assets.

vii. **Computer Hardware:** is depreciated over a period of 3 years on a straight line basis to a nil residual value.

viii. **Investment Properties and Surplus Assets:** no depreciation has been applied to either the land or building value of Investment Properties or Surplus Assets.

ix. **Intangible Fixed Assets:** computer software licences are amortised to revenue over a period of 3 years.

x. **Furniture and equipment** – minor purchases by the Authority are charged to revenue in the year of acquisition and are not capitalised in the accounts.

xi. **De minimus items** of expenditure on computer equipment and software are capitalised under the concept of 'Grouped Assets' where the value of such items is material. A charge is made for these assets (depreciation for equipment and amortisation for software), calculated using the straight line method over a period of three years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately – as detailed within the Component Accounting Policy for Property, Plant and Equipment.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

e) Disposals and Non Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non Current Assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) 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 (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The balance of receipts remains within the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the authority's underlying need to borrow (the capital financing requirement) (England and Wales). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of noncurrent assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

f) Component Accounting Policy for Property, Plant and Equipment

i. De Minimus Level

The de minimus threshold for the Authority is a current net book value of £250k. Individual assets with a value less than £250k will be disregarded for componentisation. This level will be reviewed annually.

ii. Policy for Componentisation

The code requires that each part of an asset should be separately identified and depreciated where the cost is significant in relation to the overall cost of the asset.

To be separately identified as a component, an element of an asset must meet the following criteria:

- have a cost of at least 20% of the cost of the overall asset and
- have a materially different useful life (at least 20% different) and/or
- have a different depreciation method that materially affects the amount charged

The componentisation policy will be applied to new capital spend and new assets with a total cost of over £250k will be considered under the componentisation policy as follows:

- when an asset is enhanced, the cost of the replacement component is compared with the cost of the total asset and the result is measured against the agreed de minimus threshold;
- When an asset is acquired: the cost of any component parts are compared with the overall cost of the new asset and the results assessed against the agreed de minimus threshold;

iii. Valuation

The 5 year valuation cycle remains and therefore componentisation needs to be considered for each asset in the portfolio.

In addition in each financial year, a list of assets that have had capital expenditure incurred will be passed to the valuers who can consider componentisation for any properties not already reviewed.

iv. Impairment

We will continue to complete a desktop Impairment review on an annual basis.

Movement in 2020/21	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1st April 2020	**187,128**	**25,196**	**4,392**	**378**	**1,155**	**8,565**	**226,814**
Additions	5,544	4	151	-	-	2,861	**8,560**
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(7,082)	(274)	-	-	-	-	**(7,356)**
Revaluation increases / (decreases) recognised in the Revaluation Reserve;	8,357	195	-	-	-	-	**8,552**
Revaluation increases / (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	(5,723)	(1,071)	-	-	-	-	**(6,794)**
Derecognition - Disposals;	(1,092)	(48)	-	-	-	-	**(1,140)**
Other movements in cost or valuation.	11,007	319	-	-	-	(11,326)	**-**
At 31st March 2021	**198,139**	**24,321**	**4,543**	**378**	**1,155**	**100**	**228,636**
Accumulated Depreciation & Impairment							
At 1st April 2020	**-**	**(232)**	**(3,339)**	**(252)**	**(4)**	**-**	**(3,827)**
Depreciation Charge;	(2,838)	(333)	(127)	(13)	-	-	**(3,311)**
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	7,082	274	-	-	-	-	**7,356**
Impairment losses / (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(4,253)	-	-	-	-	-	**(4,253)**
Derecognition - disposals.	9	4	-	-	-	-	**13**
At 31st March 2021	**-**	**(287)**	**(3,466)**	**(265)**	**(4)**	**-**	**(4,022)**
Net Book Value							
at 31st March 2020	187,128	24,964	1,053	126	1,151	8,565	222,987
at 31st March 2021	**198,139**	**24,034**	**1,077**	**113**	**1,151**	**100**	**224,614**
Nature of Holdings at year end							
Owned	198,139	24,034	1,077	113	1,151	100	**224,614**

Movement in 2021/22	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Infrastructure Assets £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation							
At 1st April 2021	**198,139**	**24,321**	**4,543**	**378**	**1,155**	**100**	**228,636**
Additions	8,414	1	593	-	7	3,899	**12,914**
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(9,013)	(584)	-	-	-	-	**(9,597)**
Revaluation increases / (decreases) recognised in the Revaluation Reserve;	43,427	(1,090)	-	-	-	-	**42,337**
Revaluation increases / (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	2,337	1,037	-	-	-	-	**3,374**
Derecognition - Disposals;	(1,364)	(27)	-	-	(3)	-	**(1,394)**
Assets reclassified (to) / from Investment Properties;	-	(115)	-	-	-	-	**(115)**
At 31st March 2022	**241,940**	**23,543**	**5,136**	**378**	**1,159**	**3,999**	**276,155**
Accumulated Depreciation & Impairment							
At 1st April 2021	**-**	**(287)**	**(3,466)**	**(265)**	**(4)**	**-**	**(4,022)**
Depreciation Charge;	(2,965)	(334)	(129)	(13)	(1)	-	**(3,442)**
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	9,013	584	-	-	-	-	**9,597**
Impairment losses / (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(6,054)	-	-	-	-	-	**(6,054)**
Derecognition - disposals.	6	5	-	-	-	-	**11**
At 31st March 2022	**-**	**(32)**	**(3,595)**	**(278)**	**(5)**	**-**	**(3,910)**
Net Book Value							
at 31st March 2021	198,139	24,034	1,077	113	1,151	100	224,614
at 31st March 2022	**241,940**	**23,511**	**1,541**	**100**	**1,154**	**3,999**	**272,245**
Nature of Holdings at year end							
Owned	241,940	23,511	1,541	100	1,154	3,999	**272,245**
Finance Lease	-	-	-	-	-	-	**-**

a) Capital Commitments

At 31st March 2022, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2021/22 and future years. The major commitments for schemes valued in excess of £1m are:

2020/21 £000	Capital Contract	2021/22 £000
6,281	Housing Repairs & Investment	6,860
1,560	Improvements to High Rise Blocks	2,233
-	Retention of Garage Sites	1,390
	Decarbonisation	3,200
1,508	Caledonian Depot New Build	-
5,031	Regeneration & Affordable Housing - purchase of properties at Wilnecote	3,527
14,380	**Total**	**17,210**

b) Revaluations

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The effective date of revaluation is 31st March 2022. The valuations have been carried out by Jones Lang Lasalle. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are carried at historical cost as a proxy for current value.

The Authority carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years – including a desktop review of all Council Dwellings. A review of the valuation of all significant assets is undertaken annually. However, due to a change in valuer for 2021/22, all assets have been revalued as at 31st March 2022.

The following statement shows the progress of the Authority's rolling programme for revaluation of Non Current Assets:

Valuations (Cost or Valuation)	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Intangible Assets	Total Property, Plant& Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Valued at Historical Cost	-	-	5,136	378	1,160	3,998	1,998	12,670
Valued at Current Value in:								
2021/22	241,940	22,811	-	-	-	-	-	264,751
2020/21	-	-	-	-	-	-	-	-
2019/20	-	-	-	-	-	-	-	-
2018/19	-	732	-	-	-	-	-	732
2017/18	-	-	-	-	-	-	-	-
Total	**241,940**	**23,543**	**5,136**	**378**	**1,160**	**3,998**	**1,998**	**278,153**

15. Heritage Assets

Heritage Assets are assets that are held by the Authority because of their cultural, environmental or historical value. Tangible Heritage Assets include historical buildings, paintings, sculptures / statues, archives and other works of art.

The Authority's Museum, Art and Civic Heritage Assets are held in various sites. The Museum Collection has four main collections, General Collection, Art, Furniture and Archaeological Collection and Ephemera.

The collections are used for education, learning, research, enjoyment and are preserved for the use of future generations.

Valuation of Heritage Assets

The Code requires that Heritage Assets are measured at valuation in the 2021/22 financial statements (including the 2020/21 comparative information). The Authority will recognise in the Balance Sheet each asset shown in the table which has an identified value.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below.

The accounting policies in relation to Heritage Assets that are deemed to include elements of intangible Heritage Assets are also presented below.

- **General Collection:** Tamworth Castle has held collections and maintained a museum since it was purchased for the Borough in 1897. The collections are crucial for maximising access to and understanding of Tamworth's heritage. These items are reported in the Balance Sheet at insurance valuation which is based on Market values. Acquisitions, although rare, are initially recognised at cost.

- **Art Collection:** The collection consists principally of views of Tamworth by local artists although some are nationally recognised. The mediums covered include oil, watercolour, lithographs, mezzotints and prints. These too are reported in the Balance Sheet at insurance valuation based on Market values.

- **Archaeological Collection and Ephemera:** The archaeological collection consists mainly of finds from various excavations local to Tamworth, usually as a result of building development around Tamworth Castle site but also in the town and further afield. These are not recognised on the Balance Sheet as cost or valuation information is not reliable for items of this type due to the diverse nature, and lack of comparable market values for the assets held.

- **Civic Collection and Statues:** The Authority's Civic Collection and Statues were valued in April 2012 by external valuers. These assets are deemed to have an indeterminate life with high residual values; hence the Authority does not consider it appropriate to charge depreciation.

- **Tamworth Castle:** The castle dates from c1070 but has been updated and modernised during the interim period. The current value is based on historic cost but there are regular works to maintain the property.

Movement in 2021/22	Art Collection £000	Civic Regalia £000	Museum Exhibits £000	Statues £000	Castle £000	Total Heritage Assets £000
Cost or Valuation						
At 1st April 2021	**97**	**174**	**624**	**256**	**2,424**	**3,575**
Additions	-	-	-	-	104	**104**
Disposals	-	-	-	(2)	-	**(2)**
At 31st March 2022	**97**	**174**	**624**	**254**	**2,528**	**3,677**

Movement in 2020/21	Art Collection £000	Civic Regalia £000	Museum Exhibits £000	Statues £000	Castle £000	Total Heritage Assets £000
Cost or Valuation						
At 1st April 2020	**97**	**174**	**624**	**256**	**2,205**	**3,356**
Additions	-	-	-	-	219	**219**
At 31st March 2021	**97**	**174**	**624**	**256**	**2,424**	**3,575**

16. Investment Properties

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods.

Investment Properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2020/21 £000	Investment Properties	2021/22 £000
(1,710)	Rental income from Investment Property	(1,774)
338	Direct operating expenses arising from Investment Property	360
(1,372)	**Net (Gain) / Loss**	**(1,414)**

There are no restrictions on the Authority's ability to realise the value inherent in its Investment Properties or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of Investment Properties over the year:

2020/21 £000	Fair Value of Investment Properties	2021/22 £000
23,545	**Balance at 1st April 2021**	**23,691**
	Additions:	
-	Subsequent expenditure	5
	Transfers:	
-	to / from Property, Plant and Equipment	115
	Valuations:	
146	Changes in market valuation	1,691
23,691	**Balance at 31st March 2022**	**25,502**

Fair Value Hierarchy - All the Authority's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 1 for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Values for Investment Property - The fair value of investment property has been measured using an income approach, by means of discounted cashflow method, where the expected cash flows from the properties are discounted (using a market – derived discount rate) to establish the present value of the net income stream. The approach has been developed using the Authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

There has been no change in the valuation techniques used during the year for investment properties.

Highest and Best Use - In estimating the fair value of the Authority's investment properties, the highest and best use is their current use.

Valuation Process for Investment Properties - The Authority's investment property has been valued as at 31st March 2022 by Jones Lang Lasalle, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

17. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes 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 the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL 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.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date;
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

a) Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non-Current		Current			
	Investments		Investments		Debtors	
	31st March 2021 £000	31st March 2022 £000	31st March 2021 £000	31st March 2022 £000	31st March 2021 £000	31st March 2022 £000
Amortised Cost						
Principal	5,000	-	42,000	55,000	-	-
Investment Interest Accrual	-	-	168	195	-	-
Cash & Cash Equivalents (CCE)	-	-	-	-	10,971	13,448
CCE Accrued Interest	-	-	-	-	-	7
Total Investments	**5,000**	**-**	**42,168**	**55,195**	**10,971**	**13,455**
Trade Debtors	12,758	12,777	-	-	5,160	5,140
Total Amortised Cost	**17,758**	**12,777**	**42,168**	**55,195**	**16,131**	**18,595**
Fair Value Through Profit and Loss (Investment in Property Funds)	**3,643**	**13,095**	**-**	**-**	**-**	**-**
Total Financial Assets	**21,401**	**25,872**	**42,168**	**55,195**	**16,131**	**18,595**

The current trade debtors outstanding includes contractual debtors but excludes non-contractual debtors for council tax, business rates and Government departments.
Non-current trade debtors of £12m relate to a long term finance lease for the Ankerside Shopping Centre including car park, with a remaining term of 67 years. The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the Long Term Debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding.

Financial Liabilities	Non-Current		Current	
	Borrowings		Creditors	
	31st March 2021	31st March 2022	31st March 2021	31st March 2022
	£000	£000	£000	£000
Amortised Cost				
Principal	63,060	63,060	-	-
Interest Payable Accrual	-	-	311	309
Total Borrowings	**63,060**	**63,060**	**311**	**309**
Bank Overdraft	-	-	-	1,233
Trade Creditors	-	-	5,893	4,797
Total Financial Liabilities at Amortised Cost	**63,060**	**63,060**	**6,204**	**6,339**

b) Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statements in relation to financial instruments are made up as follows.

Financial Instruments	Surplus or Deficit on the Provision of Services	Surplus or Deficit on the Provision of Services
	2020/21 £000	2021/22 £000
Net gains/losses on:		
Financial Assets Measured at Fair Value Through Profit or Loss	77	(1,311)
Total net gains/losses	**77**	**(1,311)**
Interest revenue:		
Financial Assets Measured at Amortised Cost	(639)	(576)
Total interest revenue	**(639)**	**(576)**
Interest expense		
Fee expense:		
Financial Assets or Financial Liabilities that are not at Fair Value Through Profit or Loss	2,664	2,604
Total fee expense	**2,664**	**2,604**

c) Fair Value of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial Assets Measured at Fair Value				
Recurring Fair Value Measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**31st March 2021** **£000**	**31st March 2022** **£000**
Fair Value Through Profit and Loss Other Financial Instruments Classified as Fair Value Through Profit and Loss	Level 1	Unadjusted quoted prices in active markets for identical shares (Investments in Property Funds)	3,643	13,095
Total			**3,643**	**13,095**

Investments made in property funds are as follows:-

Schroders UK Real Estate Fund - £1.9m, with a gross return/yield of 3.3% at 31st March 2022.

Threadneedle Property Unit Trust - £6.0m, with a gross return/yield of 4.0%

Hermes Federated Property Unit Trust - £4.1m, with a gross return/yield of 3.4%

Total investments - £12.0m, with an estimated return of c. 3.8% plus any capital growth. The total value of these investments at 31st March 2022 is £13.1 m including new purchases of £8.1m during 2021/22 (£3.6m at 31st March 2021).

d) The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are required)

Except for the financial assets carried at fair value (described above), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB new market rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the premature repayment/borrowing rates, highlighting the impact of the alternative valuation;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

The fair value of trade and other receivables is taken to be the invoiced or billed amount. The fair values calculated are as follows:

Financial Liabilities	31st March 2021		31st March 2022	
	Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
PWLB Debt*	63,371	92,950	63,369	84,747
Creditors	5,893	5,893	4,797	4,797
Total Financial Liabilities	**69,264**	**98,843**	**68,166**	**89,544**

* includes short term interest accrual of £309k.

The fair value of the liabilities is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This shows a notional future loss (based on economic conditions at 31st March 2022) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £84.7m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If a value is calculated on this basis, the carrying amount of £63.1m would be valued at £84.7m. But, if the authority were to seek to avoid the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid/giving a discount for the reduced interest income that will be avoided. The exit price for the PWLB loans including the penalty charge would be £114.3m.

Loans and Receivables	31st March 2021		31st March 2022	
	Carrying Amount £000	**Fair Value £000**	**Carrying Amount £000**	**Fair Value £000**
Money Market Loans <1 year	42,168	42,168	55,195	55,195
Cash & Cash Equivalents	10,971	10,971	13,455	13,455
Long Term Investments	8,643	8,749	13,095	13,095
Debtors	5,160	5,160	5,140	5,140
Long Term Debtors	12,758	12,758	12,777	12,777
Total Financial Assets	**79,700**	**79,806**	**99,662**	**99,662**

The current trade debtors outstanding includes contractual debtors but excludes non-contractual debtors for council tax, business rates and Government departments.

Where the fair value of the assets is lower than the carrying amount this is because the Authority's portfolio of investments includes a number of fixed rate loans where the interest rate receivable is lower than the rates available for similar loans at the Balance Sheet date and vice versa. For 2021/22, a notional future gain (based on economic conditions at 31st March 2022) was attributable to the commitment to receive interest above current market rates.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

e) Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Recurring Fair Value Measurements Using:	**Other Significant Observable Inputs** **(Level 2)** **31st March 2021** **£000**	**Other Significant Observable Inputs** **(Level 2)** **31st March 2022** **£000**
Financial Liabilities Financial Liabilities Held at Amortised Cost: PWLB	63,371	63,369
Total	**63,371**	**63,369**
Financial assets Financial Assets Held at Amortised Cost:	58,140	68,650
Total	**58,140**	**68,650**

18. Debtors

2020/21 £000	Debtors	2021/22 £000
	Trade Receivables:	
411	Other Local Authority	554
2,425	Housing Rent	2,473
2,969	Other Entities and Individuals	2,809
5,805		**5,836**
	Other Receivable Amounts:	
430	Government Departments	1,147
44	Business Rates	156
119	Council Tax Payers	125
593		**1,428**
(645)	**Payments in Advance**	(696)
(645)		**(696)**
(3,283)	**Less Provision for Bad Debt/Expected Credit Losses**	(3,109)
(3,283)		**(3,109)**
2,470	**Total Debtors**	**3,459**

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

Debtors 2020/21 £000	Bad debt Provisions 2020/21 £000	Debtors for Local Taxation - Council Tax & Non-domestic Rates	Debtors 2021/22 £000	Bad Debt Provisions 2021/22 £000
1,526	527	Less than one year	1,891	667
714	369	One to two years	784	406
446	271	Two to three years	597	391
1,162	1,013	More than three years	1,383	1,191
3,848	**2,180**	**Total**	**4,655**	**2,655**

19. Cash & Cash Equivalents

Cash is represented by Cash in Hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, Cash and Cash Equivalents are shown net of Bank Overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

The balance of Cash and Cash Equivalents is made up of the following elements:

2020/21 £000	Cash and Cash Equivalents	2021/22 £000
3	Cash held by the Authority	3
705	Bank current accounts	(1,233)
10,266	Short term deposits with Banks and Building Societies	13,455
10,974	**Total Cash and Cash Equivalents**	**12,225**

20. Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the (Surplus) or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to Non Current Assets and valued at the lower of their carrying amount before they were classified as Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

There were no assets held for sale at 31st March 2022 (there were no assets held for sale at 31st March 2021).

21. Creditors

2020/21 £000	Creditors	2021/22 £000
	Trade Payables:	
1,001	Other Local Authorities	950
599	Housing Rent	580
4,293	Other Entities and Individuals	3,267
5,893		**4,797**
	Other Payables:	
6,191	Government Departments	14,217
132	Council Tax Payers	133
0	Precepting Authorities (Business Rates)	658
1,000	Precepting Authorities (Council Tax)	1,422
539	Business Rates Payments	500
7,862		**16,930**
13,755		**21,727**

22. Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

a) Municipal Mutual Insurance (MMI)

This provision has been established as a result of the decision to trigger the 'Scheme of Arrangement' (SOA) with regard to Municipal Mutual Insurance (MMI), at a meeting of the Board of Directors on 13th November 2012. Under this SOA, the Authority is liable to pay a levy up to the value of claims paid since 1993 (£252k) and a provision of £33k was established to cover the potential additional levy of up to 28%. There is currently a remaining provision of £8k.

b) Business Rates Appeals

Under Business Rates Retention arrangements, Billing authorities acting as agents on behalf of the major preceptors (10%), Central Government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the Rating List. The Authority has included a provision of £1.9m (£2.6m – 2020/21)- the overall provision in the Business Rates Collection Fund is £4.7m (£6.6m – 2020/21) and the Authority's share of the Local Business Rates Retention scheme is 40% for appeals outstanding on the 31st March 2022 of £35.2m (£98.9m 2020/21).

Further details regarding the approach to determining the NDR provision can be found in Note 39 - Contingent Liabilities as local businesses could still appeal against the Rateable Value on the 2010 Rating List under limited circumstances and can also appeal against the Rateable Value on the 2017 Rating List.

Provisions	Municipal Mutual Insurance £000	Short-Term Non Domestic Rates Appeals £000	Short Term Provisions Total £000	Long Term - Non Domestic Rates Appeals £000
Balance at 1st April 2020	**8**	**571**	**579**	**1,453**
Additional provisions made in year	-	328	328	985
Amount used in year	-	(177)	(177)	(532)
Unused amounts reversed in year	-	-	-	-
Balance at 31st March 2021	**8**	**722**	**730**	**1,906**
Additional provisions made in year	-	(153)	(153)	(460)
Amount used in year	-	(27)	(27)	(80)
Balance at 31st March 2022	**8**	**542**	**550**	**1,366**

23. Unusable Reserves

31st March 2021 £000	Unusable Reserves	31st March 2022 £000
69,726	Revaluation Reserve	110,363
-	Available for Sale Financial Instruments Reserve	394
112,618	Capital Adjustment Account	126,313
(52,185)	Pensions Reserve	(33,340)
12,674	Deferred Capital Receipts Reserve	12,662
(292)	Accumulated Absences Account	(293)
(8,257)	Collection Fund Adjustment Account	(1,663)
134,284	**Total Unusable Reserves**	**214,436**

a) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment. 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 1st April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2020/21 £000		Revaluation Reserve	2021/22 £000	
61,901		**Balance at 1st April 2021**		**69,726**
	8,552	Revaluation of assets and impairment losses not charged to the (Surplus) or Deficit on the Provision of Services	42,338	
8,552		Surplus or deficit on the revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services		42,338
	(727)	Difference between fair value depreciation and historical cost depreciation	(1,701)	
(727)		Amount written off to the Capital Adjustment Account		(1,701)
69,726		**Balance at 31st March 2022**		**110,363**

b) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of Non Current Assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £000		Capital Adjustment Account	2021/22 £000	
119,859		**Balance at 1st April 2021**		**112,618**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
	(7,564)	Charges for depreciation and impairment of Non Current Assets;	(9,496)	
	(6,794)	Revaluation losses on Property, Plant and Equipment;	3,374	
	(77)	Movement in Fair Value of Capital Property Fund Investments	917	
	(84)	Amortisation of Intangible Assets;	(140)	
	(645)	Revenue Expenditure Funded from Capital Under Statute;	(641)	
	(1,127)	Amounts of Non Current Assets written off on disposal or sale as part of the gains / loss on disposal to the Comprehensive Income and Expenditure Statement;	(1,385)	
(16,291)				(7,371)
727		Adjusting amounts written out of the Revaluation Reserve		1,701
(15,564)		Net written out amount of the cost of Non Current Assets consumed in the year		**(5,670)**
		Capital financing applied in the year:		
	1,130	Use of Capital Receipts Reserve to finance new capital expenditure;	6,996	
	2,405	Use of Major Repairs Reserve to finance new capital expenditure;	2,628	
	2,068	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing;	3,149	
	110	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances - Minimum Revenue Provision;	158	
	2,464	Capital expenditure charged against the General Fund and HRA Balances.	4,743	
8,177				**17,674**
146		Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement.		**1,691**
112,618		**Balance at 31st March 2022**		**126,313**

c) Pension 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. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is 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 the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2020/21 £000	Pensions Reserve	2021/22 £000
(41,266)	**Balance at 1st April 2021**	**(52,185)**
(9,748)	Remeasurement of the Net Defined Benefit Liability / (asset)	21,667
(3,639)	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(5,238)
2,468	Employer's contributions and direct payments to pensioners payable in the year	2,416
(52,185)	**Balance at 31st March 2022**	**(33,340)**

The accounts include an advance payment of the pension lump sum for the 3 years to 2022/23 – following the triennial review in March 2019. This has been accounted for, following technical advice, by reducing the charge to the Comprehensive Income and Expenditure Account offset in the Pensions Reserve.

d) 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 usable 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. The majority of the current balance relates to the accounting arrangements for finance leases under IFRS.

2020/21 £000	Deferred Capital Receipts Reserve	2021/22 £000
12,689	**Balance at 1st April 2021**	**12,674**
(15)	Transfer to Capital Receipts Reserve upon receipt of cash	(12)
12,674	**Balance at 31st March 2022**	**12,662**

e) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2022. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2020/21 £000		Accumulated Absences Account	2021/22 £000	
(265)		**Balance at 1st April 2021**		**(292)**
	265	Settlement or cancellation of accrual made at the end of the preceding year	292	
	(292)	Amounts accrued at the end of the current year	(293)	
(27)		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		(1)
(292)		**Balance at 31st March 2022**		**(293)**

f) 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 from tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2020/21 £000	Collection Fund Adjustment Account	2021/22 £000
500	**Balance at 1st April 2021**	**(8,257)**
(8,757)	Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	6,594
(8,257)	**Balance at 31st March 2022**	**(1,663)**

The reduction in the balance on the CFAA is due to a reduction in the deficit on the NDR Collection Fund of £4.6m (£21.8m in 2020/21) arising from the additional relief provided to local businesses as a result of the Covid-19 pandemic. The Government have provided funding for the additional reliefs through Section 31 grants to Local Authorities.

It should be noted however, that this represents the total Collection Fund impact, and the Council's 40% share of this equates to c.£1.8m which has been reflected in the Councils accounts and transferred to reserve to fund the deficit carried forward to 2022/23 (in line with collection fund accounting practice – whereby the deficit is funded in the following financial year as part of the budget process).

24. Cash Flow Statement – Operating Activities

The cash flows for the operating activities include the following items:

2020/21 £000	Cash Flow Statement - Operating Activities	2021/22 £000
	The cash flows for operating activities include the following items	
(2,100)	Interest received	(2,037)
2,664	Interest paid	2,604
564		**567**
(5,425)	Net Surplus or (Deficit) on the Provision of Services	**10,063**
	Adjusted for non cash movements	
7,564	Depreciation and impairment	9,496
6,794	Downward Valuations	(3,374)
84	Amortisation	140
9,873	Increase / Decrease in Creditors	2,625
820	Increase / Decrease in Debtors	(818)
(2)	Increase / Decrease in Inventories	9
(817)	Movement in Pension Liability	3,835
1,127	Carrying amount of Non Current Assets and Non Current Assets Held for Sale, sold or de-recognised	1,385
505	Other non cash items charged to the Net (Surplus) or Deficit on the Provision of Services	(3,328)
25,948		**9,970**
	Adjusted for items that are Investing or Financing Activities	
(2,068)	Proceeds from Short-Term (Not Considered to be Cash Equivalents) and Long-Term investments (Includes Investments in Associates, Joint Ventures and Subsidiaries)	(4,736)
(1,359)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,811)
(3,427)		**(6,547)**
17,096	**Net Cash Flows from Operating Activities Surplus/(Deficit)**	**13,486**

25. Cash Flow Statement – Investing Activities

2020/21 £000	Cash Flow Statement - Investing Activities	2021/22 £000
8,983	Purchase of Property, Plant and Equipment; Investment Property and Intangible Assets	14,803
5,000	Purchase of Short Term and Long Term Investments	-
(1,363)	Proceeds from the sale of Property, Plant and Equipment; Investment Property and Intangible Assets	(1,811)
(8,002)	Proceeds from Short Term and Long Term Investments	16,535
(3,567)	Other receipts from Investing Activities	(10,618)
1,051	**Net Cash Flows from Investing Activities**	**18,909**

26. Cash Flow Statement – Financing Activities

2020/21 £000	Cash Flow Statement - Financing Activities	2021/22 £000
10,334	Other receipts from Financing Activities	(6,674)
10,334	**Net Cash Flows from Financing Activities**	**(6,674)**

27. Acquisitions & Discontinued Operations

Acquired operations

There were no acquired operations during 2021/22 (2020/21 – none).

Discontinued Operations

The results of discontinued operations are shown as a single amount on the face of the Comprehensive Income and Expenditure Statement comprising the profit or loss of discontinued operations and the gain or loss recognised either on measurement to fair value less costs to sell or on the disposal of the discontinued operation. A discontinued operation is a unit that has been disposed of, or is classified as an Asset Held for Sale.

There were no discontinued operations during 2021/22 (2020/21 – none).

28. Trading Operations

The Authority has a number of trading operations required to operate in a commercial environment as follows:

2020/21 Expenditure £000	2020/21 Income £000	2020/21 (Surplus)/ Deficit £000	Trading Operations	2021/22 Expenditure £000	2021/22 Income £000	2021/22 (Surplus)/ Deficit £000
6	(12)	**(6)**	Markets	5	(18)	**(13)**
42	(924)	**(882)**	Industrial Estates	(2,646)	(965)	**(3,611)**
149	(785)	**(636)**	Other Land and Property	1,315	(809)	**506**
197	**(1,721)**	**(1,524)**	**Total**	**(1,326)**	**(1,792)**	**(3,118)**

Trading Operations are incorporated into the Comprehensive Income and Expenditure Statement.

29. Members' Allowances

The Authority paid the following amounts to members of the Authority during the year.

2020/21 £000	Members Allowances	2021/22 £000
167	Basic Allowance	172
99	Special Responsibility	101
4	Other Allowances/Expenses	4
270	**Total**	**277**

30. Officers' Remuneration

Benefits Payable During Employment

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (e.g. Healthshield cover) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to (Surplus) or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

The remuneration paid to the Authority's Senior Employees is as follows:

Officers Remuneration	Year	Salary, Fees and Allowances £	Expenses Allowances £	Sub-Total £	Pension Contribution £	Total £
Chief Executive	2021/22	**125,414**	**1,094**	**126,508**	**20,357**	**146,865**
	2020/21	118,107	1,094	119,201	19,510	138,711
Executive Director Organisation	2021/22	**97,736**	**1,094**	**98,830**	**16,148**	**114,978**
	2020/21	96,290	1,094	97,384	15,909	113,293
Executive Director Communities	2021/22	**92,417**	**1,370**	**93,787**	**15,270**	**109,057**
	2020/21	91,049	1,370	92,419	15,045	107,464
Executive Director Finance	2021/22	**92,417**	**1,094**	**93,511**	**15,270**	**108,781**
	2020/21	91,526	1,094	92,620	15,124	107,744
Assistant Director Neighbourhoods	2021/22	**80,014**	**1,094**	**81,108**	**13,224**	**94,332**
	2020/21	74,409	1,094	75,503	12,299	87,802
Assistant Director Growth and Regeneration	2021/22	**78,386**	**1,094**	**79,480**	**13,955**	**93,435**
	2020/21	65,405	1,094	66,499	10,635	77,134
Assistant Director People	2021/22	**80,014**	**1,370**	**81,384**	**13,224**	**94,608**
	2020/21	66,605	1,370	67,975	11,012	78,987
Assistant Director Partnerships	2021/22	**69,014**	**1,370**	**70,384**	**11,409**	**81,793**
	2020/21	65,896	1,287	67,183	10,894	78,077
Assistant Director Operations and Leisure	2021/22	**69,130**	**1,370**	**70,500**	**11,428**	**81,928**
	2020/21	66,010	1,370	67,380	10,913	78,293
Assistant Director Finance	2021/22	**70,666**	**1,105**	**71,771**	**11,536**	**83,307**
	2020/21	66,365	1,094	67,459	10,972	78,431
Assistant Director Asset Management	2021/22	**69,014**	**1,277**	**70,291**	**11,409**	**81,700**
	2020/21	65,896	1,370	67,266	10,894	78,160
Head of Audit and Governance *	2021/22	**-**	**-**	**-**	**-**	**-**
	2020/21	57,859	1,108	58,967	9,316	68,283

* The post holder left on 05/04/2021.

With regard to pension contribution levels - following the triennial review carried out by the Actuary employed by the Pension Fund in March 2019 - contribution levels remain unchanged for the 3 years commencing 1st April 2020. This includes an ongoing lump sum relating to past liabilities and a set rate for future employer contributions of 16.5% p.a. (This rate has not changed since 2014/15).

The Authority's employees receiving more than £50k remuneration for the year (excluding employer's pension contributions) not including those reported in the Senior Employees table above were paid the following amounts:

2020/21 Total Number of Employees	Remuneration Band	2021/22 Number of Employees Left During Year	2021/22 Number Employed at 31st March 2022	2021/22 Total Number of Employees
3	£50,000 - £54,999	-	4	4
-	£55,000 - £59,999	-	1	1
3	Total	-	5	5

The number of exit packages with total cost per band and total cost of redundancies are set out below:

Exit Package Cost Band	Number of Departures Agreed 2020/21	2021/22
Compulsory		
£0 - £20,000	18	-
£20,001 - £40,000	1	-
Total	**19**	**-**
Other departures agreed		
£0 - £20,000	3	-
£20,001 - £40,000	-	-
£40,001 - £60,000	-	-
Total	**3**	**-**

Total number of exit packages by cost band	Number of Departures Agreed 2020/21	2021/22	Total Cost of Exit Packages 2020/21 £'000	2021/22 £'000
£0 - £20,000	21	-	91	-
£20,001 - £40,000	1	-	35	-
£40,001 - £60,000	-	-	-	-
Total	**22**	**-**	**126**	**-**

31. External Audit Costs

The agreed external audit fees paid for 2021/22 were £81k (£65k 2020/21).

2020/21 £000	External Audit Costs	2021/22 £000
46	Fees payable to Grant Thornton with regard to the external audit services carried out by the appointed auditor for the year;	62
19	Fees payable to Grant Thornton for the certification of grants and returns for the year;	19
65	**Total**	**81**

The indicative fee for certification of grants and returns for 2021/22 is £19k. The agreed fee for the 2021/22 audit (payable in 2022/23) is £61k.

32. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (Capital Grants Receipts in Advance). When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non Specific Grant Income (non ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges for this Authority may be used to fund revenue expenditure. CIL income of £125k was received in 2021/22 including income for monitoring costs of £7k.

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22:

2020/21 £000	Grant Income	2021/22 £000
	Credited to Taxation and Non Specific Grant Income	
188	Revenue Support Grant	189
5,462	NNDR	12,572
(10,405)	Non Domestic Rates - Tariff	(10,406)
(565)	Non Domestic Rates - Levy to GBSLEP	(730)
650	New Homes Bonus	679
8,590	S31 Grant - Small Business Rate Relief	3,055
39	Other Grants	99
2,107	Capital Grants and Contributions	3,274
6,066	**Total**	**8,732**

The Authority credited the following grants, contributions and donations to Cost of Services within the Comprehensive Income and Expenditure Statement in 2021/22:

2020/21	Credited to Services	2021/22
£000	Government Grant	£000
271	DWP Admin Grant	284
90	NNDR Cost of Collection	88
12,433	Benefits	11,268
172	Discretionary Housing Payment	138
7	Nature Reserve	25
49	Safer Stronger Communities/Domestic Abuse	41
5	Electoral Process	14
52	Homelessness Reduction Act	123
-	Domestic Abuse Services	33
-	Hertitage Lottery Funding	8
120	Welfare Benefit Reform Changes	73
146	Flexible Homelessness Support	297
2	Homelessness Prevention	-
30	Earned Autonomy	13
-	National Community Clean Up	2
3	Improve and Development Agency - Cyber Security	-
39	Covid marshalls	-
136	SCC Test & Trace	127
30	Skills officer - GBSLEP	10
207	Arts council	107
13,792	**Total**	**12,651**

The Authority has 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 the year end are as follows:

31st March 2021 £000	Capital Grants Receipts in Advance	31st March 2022 £000
1	DCMS Free Swimming Grant	1
3	Lottery BMX Track	3
-	HLF Mercian Trail	74
17	Other	23
30	Future High Streets Funds	4,779
307	S106 Leisure Grants	1,513
-	Social Housing Decarbonisation Grant	1,170
-	Cyber Security Grant	49
358	**Total**	**7,612**

33. Related Parties

The Authority is required to disclose material transactions with related parties – bodies or individuals that have control or joint control, or significant influence over the Authority, or are a member of the key management personnel of the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Authority.

a) Central Government

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 8. Grant receipts outstanding at 31st March 2022 are shown in Note 32.

b) Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of Members' Allowances paid in 2021/22 is shown in Note 29. During the financial year ended 31st March 2022, there were no material transactions between the Authority and its Members, other than the payment of Member Allowances. Details of all transactions are recorded in the Register of Members' Interests, available on the Council's website.

Members are required to disclose information regarding any material transactions between them and any other organisation in which they could exert control. During the financial year ended 31st March 2022, the only such transactions were with regard to the Leader of the Council and Solway (Tamworth) Ltd, as detailed in paragraph (d) below.

c) Officers

During the financial year ended 31st March 2022, there were no material transactions between the Authority and its Chief Officers, other than the payment of officer salaries. The total of Senior Officers' Remuneration is shown in Note 30.

Senior Officers are required to disclose information regarding any material transactions between them and any other organisation in which they could exert control. During the financial year ended 31st March 2022, the only such transactions were with regard to the Chief Executive and the Executive Director Finance and Solway (Tamworth) Ltd, detailed below (no change since 2020/21).

d) Solway (Tamworth) Ltd

In line with plans set out in the Council's Commercial Investment Strategy, the above trading company was established in 2018. The company is wholly owned by the Council, with the Leader of the Council, Chief Executive, and Executive Director Finance established as Directors of the company. It had been intended that during 2021/22, land owned by the Council at Solway Close would be disposed of and purchased by the company for the development of private housing for rent, however, this has not yet progressed.

e) Staffordshire County Council, OPCC and Fire Authority Precepts.

Staffordshire County Council and OPCC Staffordshire, and Staffordshire Commissioner Fire and Rescue Authority, issue precepts on the Authority, as follows:

31st March 2021 £000	Precepts	31st March 2022 £000
28,987	Staffordshire County Council	30,432
5,035	OPCC Staffordshire	5,336
1,728	Staffordshire Commissioner Fire and Rescue Authority	1,762
35,750	**Total**	**37,529**

During the year, there were 3 Councillors who were both a Member of the Council and Staffordshire County Council (3 – 2020/21).

f) Staffordshire County Council

Under the Recycling Credit Scheme, the Authority also receives recycling credits from Staffordshire County Council. These are then paid over to the Joint Waste Service under arrangements with Lichfield District Council.

31st March 2021 £000	Recycling Credit Scheme	31st March 2022 £000
(628)	Recycling Credits	(527)
(628)	**Total**	**(527)**

g) Joint Waste Service

The Authority's Joint Waste Service with Lichfield District Council was launched in July 2010, and a joint committee - 'Lichfield and Tamworth Waste Collection Services' - was established. The organisation provides waste and recycling services to approximately 73,000 properties across the two Authorities. Lichfield District Council is responsible for hosting the service including employment of staff.

The parties have an agreement in place for funding this operation with contributions to the agreed budget of 58.3**%** from Lichfield District Council and 41.7**%** from Tamworth Borough Council (no change since 2020/21). The same proportions are used to meet any deficit or share any surplus arising on the operation's budget at the end of each financial year.

The revenue outturn of the Joint Waste Service for the year ended 31st March 2022 is as follows:

2020/21 £000	Joint Waste Arrangement Income / Expenditure	2021/22 £000
	Funding Provided to the Operation	
(1,166)	Contribution from Tamworth Borough Council	(1,268)
(1,631)	Contribution from Lichfield District Council	(1,773)
(2,797)	**Total Funding Provided to the Operation**	**(3,041)**
	Expenditure	
3,024	Employee Costs	3,004
1,213	Transport Costs	1,308
1,620	Supplies and Services	1,951
607	Central Support Costs	607
6,464	**Total Expenditure**	**6,870**
	Income	
(1,659)	Recycling Credits	(1,480)
(1,618)	Green Waste Service	(1,609)
(417)	Other Income	(740)
(3,694)	**Total Income Received**	**(3,829)**
2,770	**Total Net Expenditure**	**3,041**
(27)	**Net (Surplus)/Deficit arising on the pooled budget during the year**	**-**
41.71%	**Tamworth Borough Council's share of Service**	**41.70%**
(11)	**Tamworth Borough Council's share of Net (Surplus)/Deficit**	**-**

Lichfield District Council are the lead Authority for this arrangement, with the Tamworth Borough Council reimbursing Lichfield for services on the basis of a proportion of actual spend. For 2021/22, the cost of the arrangement to the Authority was £1.3m.

34. Capital Expenditure & Financing

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a Non Current Asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund or Housing Revenue Account to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax or housing rent.

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 in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

2020/21 £000	Capital Expenditure and Financing	2021/22 £000
72,055	**Opening Capital Financing Requirement**	73,506
	Capital Investment	
8,560	Property, Plant and Equipment	16,996
219	Heritage Assets	104
-	Investment Properties	5
204	Intangible Assets	252
645	Revenue Expenditure Funded from Capital under Statute	641
	Sources of Finance	
(1,130)	Capital receipts	(6,996)
(2,044)	Government grants and other contributions	(2,531)
(4,869)	Sums set aside from revenue - Direct Revenue Contributions	(7,371)
(110)	Sums set aside from revenue - Minimum Revenue Provision	(158)
(24)	Grants - Revenue Expenditure Funded from Capital Under Statute	(617)
73,506	**Closing Capital Financing Requirement**	**73,831**
	Explanation of movements in year:	
	Increase in underlying need to borrow:	
1,561	Unsupported by government financial assistance	483
(110)	Sums set aside from revenue - Minimum Revenue Provision	(158)
1,451	**Increase/(Decrease) in Capital Financing Requirement**	**325**

35. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

a) Authority as Lessee

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased Property, Plant and Equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent free period at the commencement of the lease).

The Authority currently uses vehicles, plant and equipment financed under terms of an operating lease. The amount paid under these arrangements in 2021/22 was £271k (£274k – 2020/21). These leases have options for annual extensions beyond the original lease term, a number of these options are currently being taken up.

2020/21 £000	Minimum Lease Payments	2021/22 £000
274	Minimum lease payments	271
274	**Total Minimum Lease Payments**	**271**

The Authority was committed at 31st March 2022 to making payments of £1.7m under operating leases, comprising the following elements:

31st March 2021 £000	Operating Leases	31st March 2022 £000
273	Not later than one year	271
378	Later than one year not later than five years	1,425
651	**Total Operating Leases**	**1,696**

b) Authority as Lessor

i. Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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.

A gain, representing the Authority's net investment in the lease, is 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), matched by a lease (Long Term Debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The Authority has leased out property at the Ankerside Shopping Centre including car park, on a finance lease with a remaining term of 67 years.

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the Long Term Debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding.

The gross investment is made up of the following amounts:

31st March 2021 £000	Assets Held for Leases (Lessor)	31st March 2022 £000
	Finance lease debtor (NPV of minimum lease payments)	
12,572	Non current	12,560
44,437	Unearned finance income	43,598
12	Unguaranteed residual value of property	12
57,021	**Gross Investment in the Lease**	**56,170**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Minimum Lease Payments 31st March 2021 £000	Gross Investment in the Lease 31st March 2021 £000	Minimum Lease Payments	Minimum Lease Payments 31st March 2022 £000	Gross Investment in the Lease 31st March 2022 £000
851	851	Not later than one year	851	851
3,404	3,404	Later than one year not later than five years	3,404	3,403
52,754	52,766	Later than five years	51,903	51,916
57,009	**57,021**	**Total**	**56,158**	**56,170**

The Authority does not set aside any amount for future uncollectable amounts.

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

ii. Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The Authority leases out property and equipment under operating leases for the following purposes:

- for the provision of community services, such as community centres; and
- for investment purposes to provide suitable affordable accommodation for local businesses.

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

31st March 2021 £000	Future Minimum Lease Payments	31st March 2022 £000
	Operating Leases	
1,128	Not later than one year	1,125
4,147	Later than one year not later than five years	4,086
50,005	Later than five years	47,727
55,280	**Total**	**52,938**

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 minimum lease payments do not include cancellable rents received during the period, these amounted to £559k in 2021/22 (£573k – 2020/21). There were 8 void units at the 31st March 2022 (10 voids at the 31st March 2021).

36. Impairment Losses

Charges for impairment of £6m have been made during 2021/22 (£4.3m – 2020/21). This amount reflects the expenditure on capital assets which has not produced a similar increase in the value of the assets.

Total HRA Capital Expenditure was £10m (£8.4m – 2020/21) of which £6m (£4.3m – 2020/21) related to improvements to bathrooms, kitchens, central heating, electrical upgrades and disabled adaptations; with £4m (£1.3m – 2020/21) related to the acquisition of 20 (9 – 2020/21) new properties to be used within the general need stock. The impairment has been recognised as the advice of the Authority's internal valuer is that such improvements have not increased the overall value of the asset.

37. Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund or Housing Revenue Account to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

There were no terminations of employee contracts during 2021/22 (22 in 2020/21).

38. Defined Benefit Pension Schemes

The pension costs included in these accounts have been determined in accordance with government regulations and IAS 19. The standard requires the full recognition of the pensions liability (and the movement of its constituent parts) in the Comprehensive Income and Expenditure Statement. These requirements are included within the accounts in accordance with CIPFA recommended practice.

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme Regulations 2013:

i. The liabilities of the Staffordshire Local Government Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

ii. Liabilities are discounted to their value at current prices, using a discount rate of 2.7%.

This is based on an approach whereby a Corporate Bond yield curve is constructed based on the constituents of the iBoxx AA Corporate Bond Index.

Separate discount rates are then set (and corresponding RPI/CPI inflation assumptions) for individual employers, dependent on their own weighted average duration.

iii. The assets of Staffordshire Local Government Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
- quoted securities – current bid price;
- unquoted securities – professional estimate;
- unitised securities – current bid price;
- property – market value.

iv. The change in the net pensions liability is analysed into the following components:

Service Cost Comprising:

- **Current Service Cost:** The increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- **Past Service Cost:** The increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs;

- **Net Interest Cost:** net interest on the net defined benefit liability (asset), ie net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

Expected Return on Plan Assets: excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure:

- **Actuarial Gains and Losses:** changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;

- **Contributions paid to the Staffordshire Local Government Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund and the Housing Revenue Account to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

a) Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The authority participates in two post employment schemes:

- The Local Government Pension Scheme, administered locally by Staffordshire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

- Arrangements for the award of discretionary post retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

b) Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post employment / retirement benefits is reversed out of the General Fund (and HRA) via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement

Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000	Defined Benefit Pension Schemes	Local Government Pension Scheme 2021/22 £000	Discretionary Benefit Arrangements 2021/22 £000
		Comprehensive Income and Expenditure Statement:		
		Service Cost Comprising:		
2,722	67	Current service costs	4,207	67
3	-	Past service costs	-	-
		Financing and Investment Income and Expenditure		
2,872	-	Interest costs	3,189	-
(1,958)	-	Expected return on scheme assets	(2,158)	-
3,639	**67**	**Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services**	**5,238**	**67**
		Remeasurement of the Net Defined Benefit Liability Comprising:		
(21,810)	141	Return on plan assets (excluding amounts included in net interest expense)	(10,955)	(3)
1,786	**-**	Actuarial gains and losses on changes in demographic assumptions	(829)	**-**
31,135	**-**	Actuarial gains and losses on changes in financial assumptions	(10,186)	**-**
(1,504)	-	Other	306	-
13,246	**208**	**Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement**	**(16,426)**	**64**

Movement in Reserves Statement

Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000	Defined Benefit Pension Schemes	Local Government Pension Scheme 2021/22 £000	Discretionary Benefit Arrangements 2021/22 £000
		Movement in Reserves Statement:		
(13,246)	(208)	Reversal of net charges made to the (Surplus) or Deficit on the Provision of Services for post employment benefits in accordance with the code	16,426	(64)
		Actual amount charged against the General Fund Balance for pensions in the year:		
2,468	-	Employers' contributions payable to the scheme	2,416	-
-	67	Retirement benefits payable to pensioners	-	67
(10,778)	**(141)**	**Total Movement in Reserves Statement**	**18,842**	**3**

Under the Housing Repairs contract, a separate pension scheme is operated for staff transferred as part of a TUPE arrangement.

c) Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

Local Government Pension Scheme 2020/21 £000	Pensions Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme 2021/22 £000
159,204	Present Value of the Defined Benefit Obligation	152,409
(109,007)	Fair Value of Plan Assets	(120,043)
50,197	**Net Liability Arising From Defined Benefit Obligation**	**32,366**

d) Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

Local Government Pension Scheme 2020/21 £000	Reconciliation of Fair Value of Scheme Assets	Local Government Pension Scheme 2021/22 £000
83,999	**Balance at 1st April 2021**	**109,007**
1,958	Interest Income on Plan Assets	2,158
21,669	Return on Assets excluding amounts included in net interest	10,958
4,456	Employer contributions	1,402
540	Contributions by scheme participants	569
(3,615)	Benefits paid	(4,051)
67	Contributions in respect of unfunded benefits	67
(67)	Unfunded benefits paid	(67)
109,007	**Balance at 31st March 2022**	**120,043**

e) Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

Local Government Pension Scheme 2020/21 £000	Discretionary Benefit Arrangements 2020/21 £000	Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligation)	Local Government Pension Scheme 2021/22 £000	Discretionary Benefit Arrangements 2021/22 £000
124,285	**980**	**Balance at 1st April 2021**	**158,150**	**1,054**
2,789	-	Current service costs	4,274	-
2,872	-	Interest Cost on Defined Benefit Obligation	3,189	-
540	-	Plan Participants Contributions	569	-
1,786	-	Changes in Demographic Assumptions	(829)	-
30,994	141	Changes in Financial Assumptions	(10,183)	(3)
(1,504)	-	Other Experience	306	-
(3,615)	(67)	Benefits paid	(4,051)	(67)
3	-	Past service costs	-	-
158,150	**1,054**	**Balance at 31st March 2022**	**151,425**	**984**

f) Local Government Pension Scheme Assets Comprised:

The asset values shown below are at bid value as required under IAS19.

As at 31st March 2021					As at 31st March 2022			
Quoted Prices in Active Markets £000	Quoted Prices Not in Active Markets £000	Total £000	Percentage of Total Assets %	Fair Value of Employers Assets	Quoted Prices in Active Markets £000	Quoted Prices Not in Active Markets £000	Total £000	Percentage of Total Assets %
				Equity Securities				
4,239	-	4,239	3.9	Consumer	4,041	-	4,041	3.4
4,549	-	4,549	4.2	Manufacturing	3,298	-	3,298	2.7
1,205	-	1,205	1.1	Energy & Utilities	906	-	906	0.8
3,847	-	3,847	3.5	Financial Institutions	4,302	-	4,302	3.6
2,741	-	2,741	2.5	Health Care	4,543	-	4,543	3.8
4,664	-	4,664	4.3	Information Technology	5,224	-	5,224	4.4
118	-	118	0.1	Other	-	-	-	0.0
				Debt Securities				
7,528	-	7,528	6.9	Corporate Bonds (Investment Grade)	7,052	-	7,052	5.9
				Private Equities				
-	4,723	4,723	4.3	All	-	5,948	5,948	5.0
				Real Estate				
-	8,349	8,349	7.7	UK Property	-	9,613	9,613	8.0
				Investment Funds & Unit Trusts				
52,368	-	52,368	48.0	Equities	57,025	-	57,025	47.3
7,255	-	7,255	6.7	Bonds	7,513	-	7,513	6.3
-	413	413	0.4	Hedge Funds	-	44	44	0.0
-	44	44	0.0	Infrastructure	-	320	320	0.3
-	5,187	5,187	4.8	Other	-	5,509	5,509	4.6
				Cash & Cash Equivalents				
1,777	-	1,777	1.6	All	4,705	-	4,705	3.9
90,291	**18,716**	**109,007**	**100.0**	**Total Assets**	**98,609**	**21,434**	**120,043**	**100.0**

g) Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31st March 2022. The significant assumptions used by the actuary have been:

Local Government Pension Scheme 2020/21	Discretionary Benefit Arrangements 2020/21	Assumptions	Local Government Pension Scheme 2021/22	Discretionary Benefit Arrangements 2021/22
		Long-term expected rate of return on assets in the scheme:		
2.00%	-	Equity Investments	2.70%	-
		Government Bonds		
2.00%	-	Bonds	2.70%	-
2.00%	-	Property Managed Funds	2.70%	-
2.00%	-	Cash	2.70%	-
2.00%	-	Other	2.70%	-
		Mortality assumptions (in years):		
		Longevity at 65 for current pensioners:		
21.4	21.4	Men	21.2	21.2
24.0	24.0	Women	23.8	23.8
		Longevity at 65 for future pensioners:		
22.5	22.5	Men	22.2	22.2
25.7	25.7	Women	25.5	25.5
2.85%	2.85%	CPI Rate	3.20%	3.20%
3.25%	3.25%	Rate of increase in salaries	3.60%	3.60%
2.85%	2.85%	Rate of increase in pensions	3.20%	3.20%
2.00%	2.00%	Rate for discounting scheme liabilities	2.70%	2.70%
50%/75%	-	Take-up of option to convert annual pension into retirement lump sum	50%/75%	-

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be inter related. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from that used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme		Change in Assumptions at 31st March 2022	Impact on the Defined Benefit Obligation in the Scheme	
Approx. % Increase to Liability 2020/21 %	**Approx. Monetary Value 2020/21 £000**		**Approx. % Increase to Liability 2021/22 %**	**Approx. Monetary Value 2021/22 £000**
9.00%	15,042	0.1% Decrease in Real Discount Rate (2020/21 - 0.5%)	2.00%	2,790
3.00% to 5.00%	3,744 to 6,240	1 Year in Member Life Expectancy	4.00%	6,096
1.00%	1,248	0.1% Increase in the Salary Increase Rate (2020/21 - 0.5%)	-	230
8.00%	13,497	0.1% Increase in the Pension Increase Rate (2020/21 - 0.5%)	2.00%	2,540

The total contributions expected to be made to the Local Government Pension Scheme by the Authority in the year to 31st March 2023 is £1.4m (£1.3m – 2021/22).

39. Contingent Liabilities

A Contingent Liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. Contingent Liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent Liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

The Authority has included a provision – detailed in Note 22 – relating to Business Rate appeals outstanding as at 31st March 2022.

Local businesses can appeal against the Rateable Value on the 2010 Rating list under limited circumstances and can also appeal against the Rateable Value on the 2017 Rating List. The 2017 Rating List is subject to a fresh approach to appeals known as "Check, Challenge & Appeal" (CCA) which means that before an appeal is made the Rateable Value may be amended upon negotiation between the Valuation Office and the ratepayer (or their agents). This process will inevitably lead to a delay in appeals being made.

It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Authority has therefore made provision in the accounts based on professional advice from independent valuers. The contingent liability element relates to any potential successful appeals beyond the provision made. The level of historic appeals together with the average level of success and savings in Rateable Value is shown for the 2005, 2010 and 2017 lists below:

Indicator 2021/22	**2005 List**	**2010 List**	**2017 List**	**Total**
A Total of original Rateable Values resolved	£116.06m	£320.46m	£125.17m	£561.69m
B Total original Rateable Value of successful check/ challenge/ appeal	£51.93m	£90.25m	£11.36m	£153.54m
Average success rate (% of RV) **(B/A)**	44.74%	28.16%	9.08%	27.33%
C Total revised Rateable Value of successful check/ challenge/ appeal	£47.63m	£87.12m	£10.74m	£145.49m
D Total reduction in Rateable Value (C-B)	**£4.29m**	**£3.13m**	**£0.62m**	**£8.04m**
Average % reduction in Rateable Value **(D/B)**	8.27%	3.47%	5.46%	5.24%
E Years the List has been active	5	7	5	-
F Average annual reduction in Rateable Value **(D/E)**	£0.86m	£0.45m	£0.12m	-
G Standard Business Rate Multiplier in 2022/23	51.2p	51.2p	51.2p	51.2p
H Average annual cost of reduction based on 2022/23 Multiplier (FxG)	**£0.44m**	**£0.23m**	**£0.06m**	**£0.73m**
District Council Share at 40% (Hx0.4)	**£0.18m**	**£0.09m**	**£0.03m**	**£0.29m**
I Checks/ challenges/ appeals outstanding 31/03/22	£0.00m	£33.30m	£1.92m	£35.22m
J Provision included	£0.00m	£0.93m	£3.84m	£4.77m
Provision as a % of checks/ challenges/ appeals outstanding **(J/I)**		2.79%	200.00%	13.55%

Indicator 2020/21	**2005 List**	**2010 List**	**2017 List**	**Total**
A Total of original Rateable Values resolved	£116.06m	£237.57m	£57.70m	£411.33m
B Total original Rateable Value of successful check/ challenge/ appeal	£51.93m	£43.28m	£7.68m	£102.89m
Average success rate (% of RV) **(B/A)**	44.74%	18.22%	13.31%	25.01%
C Total revised Rateable Value of successful check/ challenge/ appeal	£47.63m	£38.68m	£6.90m	£93.21m
D Total reduction in Rateable Value (C-B)	**£4.29m**	**£4.60m**	**£0.78m**	**£9.67m**
Average % reduction in Rateable Value **(D/B)**	8.27%	10.63%	10.16%	9.40%
E Years the List has been active	5	7	3	-
F Average annual reduction in Rateable Value **(D/E)**	£0.86m	£0.66m	£0.26m	-
G Standard Business Rate Multiplier in 2021/22	51.2p	51.2p	51.2p	51.2p
H Average annual cost of reduction based on 2018/19 Multiplier (FxG)	**£0.44m**	**£0.34m**	**£0.13m**	**£0.91m**
District Council Share at 40% (Hx0.4)	**£0.18m**	**£0.13m**	**£0.05m**	**£0.36m**
I Checks/ challenges/ appeals outstanding 31/03/21	£0.00m	£91.97m	£6.91m	£98.88m
J Provision included	£0.00m	£0.99m	£5.58m	£6.57m
Provision as a % of checks/ challenges/ appeals outstanding **(J/I)**		1.08%	80.75%	6.64%

40. Nature & Extent of Risks Arising from Financial Instruments

Key Risks

The Authority's activities expose it to a variety of financial risks. The key risks are:

- **Credit risk -** the possibility that other parties might fail to pay amounts due to the Council;

- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;

- **Re-financing risk -** the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.

- **Market risk** -the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services and is based on the framework set out in the Local Government Act 2003 and associated regulations.

As directed by the Act, the Authority has formally adopted the CIPFA Treasury Management Code of Practice and complies with the CIPFA Prudential Code. As part of the adoption of the Treasury Management Code, the Authority approves a Treasury Management Strategy before the commencement of the year to which it relates, this strategy sets out the parameters for the management of risks associated with financial instruments.

The Treasury Management Strategy for 2021/22 (including the Annual Investment Strategy) was approved by Full Council on 23rd February 2021 and is available on the Authority's website.

The strategy also includes an Annual Investment Strategy for the forthcoming year, setting out it's criteria for both investing and selecting investment counterparties in compliance with Government guidance.

Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual Treasury Management Strategy. The Authority provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

a) Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which is available on the Authority's website.

Credit Risk management Practices

The authority's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Authority uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £81.7m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at the 31st March 2022 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

Credit Risk Exposure

The Authority has assessed its short and long term investments and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31st March 2022 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

The current trade debtors outstanding was incorrectly calculated in 2020/21 and has now been recalculated to include contractual debtors but exclude non-contractual debtors for council tax, business rates and Government departments.

The Authority does not generally allow credit for customers, such that £1.7m is past its due date for payment. The past due amount as at 31st March 2022 but not impaired amount can be analysed by age as follows:

31st March 2021 £000	Arrears	31st March 2022 £000
960	Less than six months	234
72	Six months to one year	160
175	More than one year	87
1,230	More than two years	1,185
2,437	**Total**	**1,666**

The Authority initiates a legal charge on property where, for instance, works have to be carried out in default but those responsible cannot afford to pay immediately. The total collateral at 31st March 2022 was £41.2k (£42.5k – 2020/21).

b) Liquidity Risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial assets, excluding sums due from customers, is as follows:

31st March 2021		Financial Assets	31st March 2022	
Average Rate %	**Amount £000**		**Average Rate %**	**Amount £000**
0.40%	42,168	Less than one year	0.54%	55,195
0.65%	5,000	Maturing in 1 - 2 years	-	-
40.00%	**47,168**	**Total**	**0.54%**	**55,195**

All trade and other payables are due to be paid in less than one year – debtors of £1.7m are not included in the table above.

c) Refinancing and Maturity Risk

The Authority maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Authority relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Authority approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved Council in the Treasury Management Strategy):

31st March 2021 Average Rate %	Amount £000	Financial Liabilities	Approved Minimum Limits	Approved Minimum Limits	31st March 2022 Average Rate %	Amount £000
4.05%	63,371	PWLB			4.05%	63,060
-	-	Other Lenders			-	-
4.05%	**63,371**	**Total**			**4.05%**	**63,060**
-	311	Less than one year (Interest Due)	0%	20%	-	309
-	-	Less than one year	0%	20%	-	-
-	-	Maturing in 1 - 2 years	0%	20%	-	-
-	-	Maturing in 2 - 5 years	0%	25%	-	-
-	-	Maturing in 5 - 10 years	0%	75%	4.25%	1,000
4.62%	5,000	Maturing in 10 - 15 years	0%	100%	4.72%	4,000
4.00%	58,060	Maturing in over 15 years	0%	100%	4.00%	58,060
4.05%	**63,371**	**Total -**			**4.05%**	**63,369**

d) Market Risk

i) Interest Rate Risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods.

For instance, a rise in variable and fixed interest rates would have the following effects:

- **Borrowings at variable rates:** The interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- **Borrowings at fixed rates:** The fair value of the borrowing will fall (no impact on revenue balances);
- **Investments at variable rates:** The interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- **Investments at fixed rates:** The fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the (Surplus) or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in Interest Payable and Receivable on variable rate borrowings and investments will be posted to the (Surplus) or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants (i.e. HRA). Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Authority's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

The risk of interest rate loss is partially mitigated by Government grant payable on financing costs. As at 31st March 2022, the Authority had no variable rate debt or investments. There would therefore be no material impact if all interest rates had been higher or lower during the year.

ii) Price Risk

The Council holds £13.1m in property funds, and their price varies. However, any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

The market prices of the Council's fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £13.1m. A 5% fall in commercial property prices would result in a £0.7m charge to Other Comprehensive Income & Expenditure – this would have no impact on the (Surplus) or Deficit on the Provision of Services until the investment was sold.

Approval of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at the meeting held on 28th September 2022

Signed on behalf of Tamworth Borough Council

Councillor P. Turner, Chair of the Audit and Governance Committee

Dated 15th November 2022

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance.

Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Authority charges rents to cover expenditure in accordance with legislative framework; this may be different from accounting cost. The increase or decrease in the year, on the basis which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2020/21 £000		HRA Comprehensive Income and Expenditure Statement	2021/22 £000	£000
		Expenditure:		
	4,848	Repairs and Maintenance	4,965	
	6,176	Supervision and Management	6,732	
	60	Rents, rates, taxes and other charges	52	
	12,910	Depreciation and impairment of Non Current Assets	6,809	
	6	Debt management costs	7	
	85	Movement in the allowance for bad debts	156	
24,085		**Total Expenditure**		**18,721**
		Income:		
	(18,154)	Dwelling rents	(18,782)	
	(375)	Non dwelling rents	(356)	
	(997)	Charges for services and facilities	(1,136)	
	(1,560)	Contributions towards expenditure	(1,837)	
(21,086)		**Total Income**		**(22,111)**
2,999		**Net Expenditure of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**(3,390)**
20		HRA services' share of Corporate and Democratic Core		26
3,019		**Net Expenditure / (Income) for HRA Services**		**(3,364)**
		HRA Share of the Operating Income and Expenditure Included in the Comprehensive Income and Expenditure Statement:		
(192)		(Gain) or loss on sale of HRA Non Current Assets		(405)
2,664		Interest payable and similar charges		2,678
(109)		Interest and investment income		(53)
215		Pensions interest cost and expected return on pensions assets		241
(1,400)		Capital grants and contributions receivable		-
4,197		**(Surplus) or Deficit for the Year on HRA Services**		**(903)**

Statement of Movement on the HRA Balance

2020/21 £000		Statement of Movement on the HRA Balance	2021/22 £000	£000
6,252		Balance on the HRA at the end of the previous year		5,611
	(4,197)	Surplus or (Deficit) for the year on the HRA Income and Expenditure Statement	903	
	6,490	Adjustments between accounting basis and funding basis under statute	(496)	
	2,293	**Net Increase or (Decrease) before transfers to or from reserves**	**407**	
	(2,934)	Transfers (to) / from Reserves	(301)	
(641)		Increase or (Decrease) on the HRA		106
5,611		**Balance on the HRA at 31st March 2022**		**5,717**

Analysis of Adjustments

2020/21 £000	Analysis of Adjustments	2021/22 £000
7	Difference between any other item of income and expenditure determined in accordance with the code and determined in accordance with HRA requirements	-
(192)	Gain or loss on sale of HRA Non Current Assets	(404)
290	HRA share of contributions to or from the Pensions Reserve	675
-	Amortisation of intangible assets	21
(2,191)	Capital expenditure funded by the HRA	(4,512)
(1,400)	Capital Grants and Contributions Applied;	-
(2,933)	Transfer to / from the Major Repairs Reserve	(3,065)
12,909	Transfer to / from the Capital Adjustment Account	6,789
6,490	**Total Adjustments Between Accounting Basis and Funding Basis Under Statute**	**(496)**

NOTES TO THE HRA

HRA1. Number & Type of Dwelling

The Authority is responsible for managing a housing stock, made up as follows:

	Houses and Bungalows	High and Medium Rise Flats	Low Rise Flats	Total
Housing Stock as at 1st April 2021	**2,796**	**663**	**882**	**4,341**
Demolitions	-	-	-	**-**
Sales	(22)	-	(3)	**(25)**
Additions	10	3	7	**20**
Assets Under Construction	-	-	-	**-**
Reclassification of Assets	-	-	-	**-**
Housing Stock as at 31st March 2022	**2,784**	**666**	**886**	**4,336**

In order to comply with the requirements of Resource Accounting, garages are now identified within other property. Non operational assets are those held by an authority but not directly occupied or used in the delivery of its services.

HRA2. Vacant possession value of dwellings

The Vacant Possession Valuation as at 31st March 2022 is £603.5m (31st March 2021 Vacant Possession Value was £495.3m).

However, assets are valued on the Balance Sheet at their existing use reflecting the valuation of a property if it were to be disposed with sitting tenants benefiting from sub-market rents. This reflects the economic cost to the Government of providing council housing at less than open market value.

Council dwellings are held on the Balance Sheet at Existing Use Value Social Housing (EUV-SH) which for 2021/22, a nationally set adjustment factor for the West Midlands of 40% of vacant possession value has been used (40% - 2020/21).

Movement in 2018/19	EUV-SH Council Dwellings £000	Other Land and Buildings £000	Plant , Vehicles and Equipment £000	Asset Under Construction £000	Total £000
Cost or Valuation					
As at 1st April 2021	**198,139**	**3,640**	**72**	**52**	**201,903**
Additions;	- 8,414	-	70	1,508	**9,992**
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	(9,013)	(349)	-	-	**(9,362)**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve;	43,427	212	-	-	**43,639**
Revaluation increases/ (decreases) recognised in the (Surplus) or Deficit on the Provision of Services;	2,337	(6)	-	-	**2,331**
Derecognition - Disposals.	(1,364)	(24)	-	-	**(1,388)**
As at 31st March 2022	**241,940**	**3,473**	**142**	**1,560**	**247,115**
Accumulated Depreciation & Impairment					
As at 1st April 2021	**-**	**(257)**	**-**	**-**	**(257)**
Depreciation Charge;	(2,965)	(96)	(24)	-	**(3,085)**
Accumulated Depreciation and Impairment written off to Gross Carrying Amount;	9,013	349	-	-	**9,362**
Impairment losses/ (reversals) recognised in the (Surplus) or Deficit on the Provision of Services;	(6,054)	-	-	-	**(6,054)**
Derecognition - disposals.	6	4	-	-	**10**
As at 31st March 2022	**-**	**-**	**(24)**	**-**	**(24)**
Net Book Value					
As at 1st April 2021	198,139	3,383	72	52	**201,646**
As at 31st March 2022	**241,940**	**3,473**	**118**	**1,560**	**247,091**
Nature of holdings at year end Owned	**241,940**	**3,473**	**118**	**1,560**	**247,091**

HRA3. Movement on the Major Repairs Reserve (MRR)

The Major Repairs Reserve represents the long term average amount of capital spending required to maintain the stock in its current condition.

The Capital Expenditure shown was spent on maintaining council dwellings.

2020/21 £000	Major Repairs Reserve	2021/22 £000
1,482	**Balance at 1st April 2021**	**2,010**
2,933	Contributions to the Major Repairs Reserve	3,065
(2,405)	Capital Spending on Dwellings	(2,628)
2,010	**Balance at 31st March 2022**	**2,447**

The contribution in 2021/22 represents a depreciation charge of £3.1m (2020/21 contribution included £2.9m depreciation).

HRA4. Capital Expenditure Summary

The following table details how £10.0m Capital Expenditure was financed during the year.

2020/21 £000	Capital Expenditure	2021/22 £000
	Capital Expenditure Type:	
5,544	Dwellings	8,414
72	Plant, Vehicles and Equipment (PVE)	70
2,813	Assets Under Construction	1,508
-	Other	
8,429	**Total Capital Expenditure**	**9,992**
	Funded by:	
1,072	Usable capital receipts	2,852
2,191	Revenue contributions	4,512
1,361	Borrowing	-
1,400	External grants and contributions	-
2,405	Major Repairs Reserve	2,628
8,429	**Total Funding**	**9,992**

HRA5. Capital Receipts

During the year capital receipts totalling £1.8m were received in respect of dwellings sold, of which £0.4m was repaid to DCLG under the pooling regime. The un-pooled element of capital receipts are retained for financing housing capital investment and regeneration works.

2020/21 £000	Capital Receipts	2021/22 £000
1,349	Sale of dwellings under Right to Buy	1,815
(421)	Amounts pooled to Central Government	(418)
928	**Net Capital Receipts**	**1,397**

HRA6. Depreciation & Impairment Charges

Council Dwellings are depreciated on a straight line basis over the period of their useful economic life. The charge for the year was £3.0m.

The charge for depreciation of £0.1m on non council dwellings has been calculated on a straight line basis over the period of their useful economic life.

Charges for impairment of £6m have been made during 2021/22. This amount reflects the expenditure on capital assets which has not produced a similar increase in the value of the assets.

HRA7. HRA Pensions Reserve

2020/21 £000	Pensions	2021/22 £000
944	Difference between current service cost of pensions and past service cost in accordance with IAS 19 and actual employers' contributions	888
675	Interest on share of pensions liability	745
(461)	Expected return on share of assets	504
1,158	**Total**	**2,137**

HRA8. HRA Rent Arrears

2020/21 £000	Rent Arrears	2021/22 £000
1,780	Gross arrears	1,825
9.8%	Gross arrears as percentage of gross rent income	9.7%

Of the rent arrears, 53.3% (53.0% - 2020/21) refer to former tenants.

2020/21 £000	Provision for Bad Debts	2021/22 £000
	Rent Arrears	
1,486	**Balance at 1st April 2021**	**1,442**
67	Contribution from / (to) HRA in year	126
(111)	Written off in year	(103)
1,442	**As at 31st March 2022**	**1,465**
	Sundry Debtors	
18	**Balance at 1st April 2021**	**36**
18	Contribution from / (to) HRA in year	30
36	**Balance at 31st March 2022**	**66**
1,478	**Total Provision for Bad Debts**	**1,531**

Collection Fund

The Collection Fund statement shows the transactions of the Authority, as billing authority, in relation to the collection of Council Tax income on behalf of Staffordshire County Council, the OPCC, the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund together with non-domestic rates collected on behalf of the Government, Staffordshire County Council, the Staffordshire Commissioner Fire and Rescue Authority and this Authority's General Fund.

2020/21 Council Tax £000	2020/21 NNDR £000	2020/21 Total £000	Collection Fund Income and Expenditure Statement	2021/22 Council Tax £000	2021/22 NNDR £000	2021/22 Total £000
			INCOME			
(40,273)	-	(40,273)	Income from Council Tax	(42,914)	-	(42,914)
5	-	5	Transfers from General Fund - Council Tax benefits	(161)	-	(161)
	(17,186)	(17,186)	Income collectable from business ratepayers		(30,243)	(30,243)
(40,268)	**(17,186)**	**(57,454)**	**Total Income**	**(43,075)**	(30,243)	**(73,318)**
			EXPENDITURE			
			Precepts			
4,068	-	4,068	- Tamworth Borough Council	4,180	-	4,180
5,035	-	5,035	- OPCC Staffordshire	5,336	-	5,336
1,728	-	1,728	- Staffordshire Commissioner Fire and Rescue Authority	1,762	-	1,762
28,987	-	28,987	- Staffordshire County Council	30,431	-	30,431
			Business rates			
-	13,829	13,829	- Tamworth Borough Council	-	13,166	13,166
-	17,286	17,286	- Central Government	-	16,458	16,458
-	346	346	- Staffordshire Commissioner Fire and Rescue Authority	-	329	329
-	3,111	3,111	- Staffordshire County Council	-	2,962	2,962

2020/21 Council Tax £000	2020/21 NNDR £000	2020/21 Total £000	Collection Fund Income and Expenditure Statement	2021/22 Council Tax £000	2021/22 NNDR £000	2021/22 Total £000
-	90	90	**Costs of Collection**	-	88	88
			Bad and Doubtful Debts			
357	197	554	- Provisions	256	259	515
-	3,284	3,284	- Provision for appeals	-	(1,534)	(1,534)
			Distribution of previous year's surpluses/deficits			
78	323	401	- Tamworth Borough Council	60	(7,137)	(7,077)
88	-	88	- OPCC Staffordshire	75	-	75
33	8	41	- Staffordshire Commissioner Fire and Rescue Authority	26	(178)	(152)
551	169	720	- Staffordshire County Council	430	(1,600)	(1,170)
-	306	306	- Central Government	-	(8,928)	(8,928)
40,925	**38,949**	**79,874**	**Total Expenditure**	**42,556**	**13,885**	**56,441**
657	21,763	22,420	**(Surplus)/ Deficit for the year**	(519)	(16,358)	(16,877)
(1,636)	(831)	(2,467)	Fund Balance Brought Forward	(979)	20,932	19,953
(979)	**20,932**	**19,953**	**Fund Balance at 31st March 2022**	**(1,498)**	**4,574**	**3,076**
			Analysis of Fund Balance (Surplus)/ Deficit			
(100)	8,357	8,257	- Tamworth Borough Council	(148)	1,830	1,682
(124)	-	(124)	- OPCC Staffordshire	(194)	-	(194)
(43)	370	327	- Staffordshire Commissioner Fire and Rescue Authority	(62)	46	(16)
(712)	2,031	1,319	- Staffordshire County Council	(1,094)	411	(683)
-	10,174	10,174	- Central Government	-	2,287	2,287
(979)	**20,932**	**19,953**	**Total**	**(1,498)**	**4,574**	**3,076**

NOTES TO THE COLLECTION FUND

CF 1. NDR Rateable Value

The rateable value of Non Domestic properties in the Borough as at 31st March 2022 was £78,603,121 (£80,087,680 at 31st March 2021).

The NDR multiplier for 2021/22 was 51.2p in the pound (51.2p – 2020/21). The qualifying small business multiplier for 2021/22 was 49.9p in the pound (49.9p – 2020/21).

CF 2. Council Tax Base Calculation

The Council base was as follows:

Number of Chargeable Properties 2020/21	Adjusted Property Base (Band D Equivalent) 2020/21	Calculation of Ctax Base	Number of Chargeable Properties 2021/22	Adjusted Property Base (Band D Equivalent) 2021/22
		Valuation Band (Multiplier)		
17	9	**A - Disabled Relief Reduction (5/9)**	**22**	12
8,146	5,431	**A - (6/9)**	**8,178**	5,452
10,874	8,458	**B - (7/9)**	**10,884**	8,465
5,368	4,772	**C - (8/9)**	**5,460**	4,853
3,559	3,559	**D - (9/9)**	**3,584**	3,584
1,875	2,292	**E - (11/9)**	**1,945**	2,377
467	675	**F - (13/9)**	**524**	757
97	162	**G - (15/9)**	**105**	175
2	4	**H - (18/9)**	**3**	6
	(2,515)	**LCTS ADJUSTMENT**		(2,835)
30,405	22,847	**Totals**	**30,705**	**22,846**
	97.90%	**Assumed Collection Rate**		**97.90%**
	22,367	**Total Taxbase**		**22,366**

CF 3. Authorities making precepts or demands on the fund

Council Tax

Precept 2020/21 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2020/21 £	Total Movement on the Collection Fund 2020/21 £	Precepts Analysis	Precept 2021/22 £	Distribution of Previous Years Estimated Surplus/ (Deficit) 2021/22 £	Total Movement on the Collection Fund 2021/22 £
4,068,334	98,124	4,166,458	Tamworth Borough Council	4,179,982	148,629	4,328,611
5,034,588	125,258	5,159,846	OPCC Staffordshire	5,335,857	194,050	5,529,907
1,727,627	41,362	1,768,989	Staffordshire Commissioner Fire and Rescue Authority	1,761,993	62,171	1,824,164
28,986,514	714,377	29,700,891	Staffordshire County Council	30,431,627	1,093,775	31,525,402
39,817,063	979,121	40,796,184	Total	41,709,459	1,498,625	43,208,084

NDR

Business Rates 2020/21 £	Distribution of Previous Years Estimated Deficit 2020/21 £	Total Movement on the Collection Fund 2020/21 £	Precepts Analysis	Business Rates 2021/22 £	Distribution of Previous Years Estimated Deficit 2021/22 £	Total Movement on the Collection Fund 2021/22 £
13,828,842	8,356,897	22,185,739	Tamworth Borough Council	13,166,215	1,829,738	14,995,953
345,721	370,524	716,245	Staffordshire Commissioner Fire and Rescue Authority	329,155	45,743	374,898
3,111,489	2,031,140	5,142,629	Staffordshire County Council	2,962,398	411,689	3,374,087
17,286,053	10,173,738	27,459,791	Central Government	16,457,769	2,287,171	18,744,940
34,572,105	20,932,299	55,504,404	Total	32,915,537	4,574,341	37,489,878

The reduction in the balance on the CFAA is due to a reduction in the deficit on the NDR Collection Fund of £4.6m (£21.8m in 2020/21) arising from the additional relief provided to local businesses as a result of the Covid-19 pandemic. The Government have provided funding for the additional reliefs through Section 31 grants to Local Authorities.

It should be noted however, that this represents the total Collection Fund impact, and the Councils 40% share of this equates to c.£1.8m which has been reflected in the Councils accounts and transferred to reserve to fund the deficit carried forward to 2022/23 (in line with collection fund accounting practice – whereby the deficit is funded in the following financial year as part of the budget process).

CF 4. NDR credits

NDR credit accounts relate to credit balances in the Collection Fund which could not be repaid to the businesses concerned as they cannot be traced, have not responded to efforts made to repay funds or no longer exist.

No credits have been transferred to the General Fund during 2021/22.

CF 5. Bad and Doubtful Debts

The following provisions and write offs were made in the year:

2020/21 £000	Provision for Bad Debts	2021/22 £000
	Council Tax	
1,249	**Balance at 1st April 2021**	**1,494**
357	Increase /(decrease) in provision	255
(112)	Written off in year	(37)
1,494	**As at 31st March 2022**	**1,712**
	Business Rates	
705	**Balance at 1st April 2021**	**686**
197	Increase /(decrease) in provision	259
(216)	Written off in year	(2)
686	**As at 31st March 2022**	**943**

CF 6. Appeals – Business Rates

The following provisions and settlements were made in the year:

2020/21 £000	Provision for Appeals	2021/22 £000
	Business Rates	
5,062	**Balance at 1st April 2021**	**6,572**
3,284	Increase /(decrease) in provision	(1,534)
(1,774)	Resolved in year	(266)
6,572	**As at 31st March 2022**	**4,772**

What is Governance?

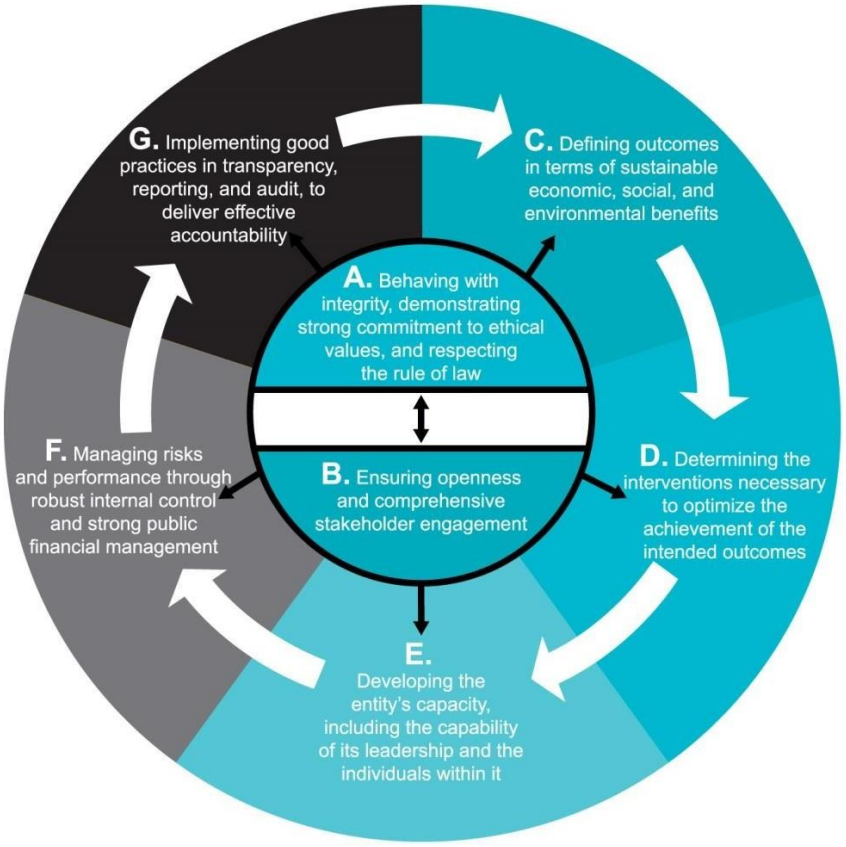
Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the Authority, both governing bodies (Members) and individuals working for the Authority must try to achieve the Authority's objectives whilst acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other.



Responsibility

The Authority is responsible for ensuring that its business is completed in line with the law and statutory legislation, and that public money is spent wisely and properly accounted for. We will ensure that we continually improve the way we provide our services whilst taking into account value for money.

We will ensure that we put in place proper arrangements to ensure our risks are managed, and that controls and the governance process are in place.

We have approved and adopted a Code of Corporate Governance which is consistent with principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Code demonstrates the supporting principles which underpin the core principles and identifies the assurance as outlined in the Framework. It also demonstrates what level of assurance we get and thus, identifies any areas for improvement. This forms the assurance framework for good governance and demonstrates that we know our governance arrangements are working. Links to all supporting evidence identified in the assurance framework are contained within the Code of Corporate Governance and are not repeated in this statement. The Code of Corporate Governance document is available on the Council's website.

Our Outcomes

Our desired outcomes for 2022-25 are detailed in the Corporate Plan. The Corporate Plan details our Vision and sets out our Thematic Priorities. Under each thematic priority, we detail our ambitions and how we are going to realise these. All outcomes we aim to achieve, along with changes we want to see and supporting information are detailed in the Corporate Plan.

For each activity or process we complete, we ensure that the appropriate governance arrangements are in place.

For 2021/22, we together with the rest of the UK, have faced an unprecedented global crisis through both recovery from the Coronavirus pandemic and other geopolitical situations. This has been and will remain, a significant factor affecting our operations in 2022/23 and beyond. This is further supported by the Council's Recovery & Reset programme designed to build resilience and maximise opportunities arising from the Pandemic.

While the Corporate Plan remains relevant to our future outcomes, these will no doubt be affected by both the Covid-19 and other geopolitical situations and will be dealt with as part of the Council's emerging recovery and reset

programme. As part of our AGS this year, we have included the measures we have taken to ensure our governance effectiveness has not been impacted or compromised by the pandemic, this mirrors the approach taken during 2020/21. This includes Recovery & Reset which improves the governance and service assurance framework.

The Corporate Plan was revised during 2021/22 and a new plan for the period from 2022 to 2025 was approved at Cabinet on 17 March 2022.

This work has all been brought together by councillors, during a number of councillor-led workshops and seminars, into a new refocused vision to reflect new priorities. This year more collaborative budget setting workshops were held to ensure all councillors were able to have involvement in what is important to them and their residents.

Our new vision is ‘Tamworth – celebrating our heritage, creating a better future’

In order to achieve that vision, we have developed this new Corporate Plan which will be delivered with a workforce and organisation that has adapted to an unprecedented national challenge, working hand in hand with our partners and communities.

This new vision, together with our new Corporate Plan, details five areas of focus for the borough; including the key outcomes we are seeking to achieve and how we will work to achieve them.

Our primary areas of focus will be:

- The Environment
- The Economy
- Infrastructure
- Living in Tamworth
- The Town Centre

Each priority has a number of supporting areas of focus and progress will be achieved through the delivery of corporate and transformational projects; each having clearly defined objectives and outcomes.

CORPORATE PLAN SUMMARY

TAMWORTH BOROUGH COUNCIL VISION

'Tamworth – celebrating our heritage, creating a better future'

1. THE ENVIRONMENT

- Enforcement and education with regard to litter and fly-tipping
- Development of infrastructure for acting on Climate Change
- Support more people to recycle and to reduce waste
- Working with partners to protect, maintain and improve the green space offer

3. INFRASTRUCTURE

- Review Local Plan to improve the transport links within Tamworth
- Improve existing walkways and cycling routes
- Ensure more people can access council services digitally/digital enhancement with partners and within Council housing stock

2. THE ECONOMY

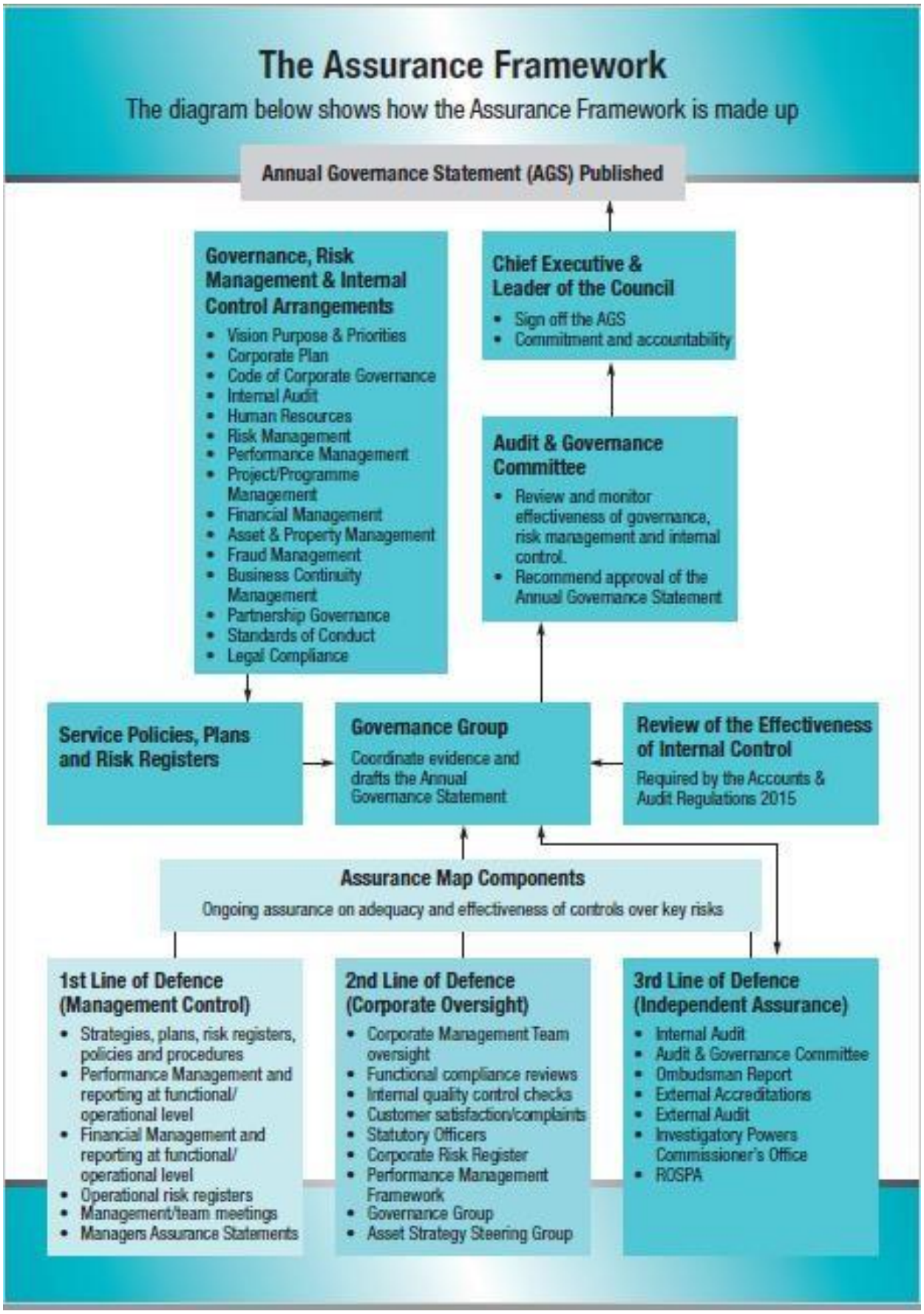
- Development of business initiatives to promote start up and growth
- Support business growth to generate employment opportunities by working with businesses
- Provision of good quality and affordable housing
- Improve tourism in terms of good access to information for visitors to help local businesses and Tamworth as a destination as a whole, maximise and improve the quality of the visitor experience

4. LIVING IN TAMWORTH

- Ensure adequate supply of affordable housing through the Local Plan review
- Investment in Neighbourhood and Place environment
- Through our Economic Development team, we will support job creation and business retention and expansion through interventions and advice, and seek to protect the local economy where we can influence this.
- Improve and promote Tamworth's historic and cultural assets and events
- Community Safety focus on neighbourhoods and place
- Working with partners to ensure the fear of crime within Tamworth is reduced

5. TOWN CENTRE

- Continue to develop street market and extend supporting events around the market to add vibrancy within the town centre
- Create a branding scheme for "Created in Tamworth"
- Provide the infrastructure to improve evening and night time economy
- Embrace Tamworth's history and culture so as to build a sense of local pride and support our children's education and understanding of the significant part Tamworth played in British history
- Continue to promote all outdoor events
- Development of a new Tamworth Enterprise Centre as part of the structural transformation of the town centre
- Make the town centre more accessible
- Provide the environment where the leisure and food offer can grow and flourish
- Working with others seek to improve the night-time transport offer to support the overall night-time economy


The Assurance Framework
The diagram below shows how the Assurance Framework is made up
Annual Governance Statement (AGS) Published
Governance, Risk Management & Internal Control Arrangements
• Vision Purpose & Priorities
• Corporate Plan
• Code of Corporate Governance
• Internal Audit
• Human Resources
• Risk Management
• Performance Management
• Project/Programme Management
• Financial Management
• Asset & Property Management
• Fraud Management
• Business Continuity Management
• Partnership Governance
• Standards of Conduct
• Legal Compliance
Chief Executive & Leader of the Council
• Sign off the AGS
• Commitment and accountability
Audit & Governance Committee
• Review and monitor effectiveness of governance, risk management and internal control.
• Recommend approval of the Annual Governance Statement
Service Policies, Plans and Risk Registers
Governance Group
Coordinate evidence and drafts the Annual Governance Statement
Review of the Effectiveness of Internal Control
Required by the Accounts & Audit Regulations 2015
Assurance Map Components
Ongoing assurance on adequacy and effectiveness of controls over key risks
1st Line of Defence (Management Control)
• Strategies, plans, risk registers, policies and procedures
• Performance Management and reporting at functional/ operational level
• Financial Management and reporting at functional/ operational level
• Operational risk registers
• Management/team meetings
• Managers Assurance Statements
2nd Line of Defence (Corporate Oversight)
• Corporate Management Team oversight
• Functional compliance reviews
• Internal quality control checks
• Customer satisfaction/complaints
• Statutory Officers
• Corporate Risk Register
• Performance Management Framework
• Governance Group
• Asset Strategy Steering Group
3rd Line of Defence (Independent Assurance)
• Internal Audit
• Audit & Governance Committee
• Ombudsman Report
• External Accreditations
• External Audit
• Investigatory Powers Commissioner's Office
• ROSPA

What have we done to monitor and evaluate the effectiveness of our governance arrangements during 2021/22 including ensuring that those arrangements have not been compromised by the impact of the pandemic

The Authority has the responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness of the system of internal control is informed by:

- The work of Internal Audit which is detailed in the Internal Audit's Annual Report.
- Responsibility of Corporate Management Team for the development and maintenance of the internal control environment.
- Reports received from our External Auditors and any other review agencies or inspectorates.

During 2021/22, our operations were impacted by the global pandemic. The Council continued to support vulnerable people, deliver critical front line services and scaled-up its response to COVID19 during the year including the payment of significant levels of grants to local businesses and individuals (through the test and trace scheme) and expanded businesses rates relief to retail, hospitality and leisure businesses. Importantly, the COVID-19 emergency tested the Council's ability to move at pace, prioritise its service delivery and demonstrate its core values & purpose. To ensure our governance arrangements remained effective, the following actions have contributed to the evaluation of the effectiveness of the arrangements:

- The Council has continued to respond rapidly and effectively to the pandemic related restrictions as they have been announced by Government. Most staff switched to virtual working and establishments, such as the Castle and Assembly Rooms were initially closed, however have now re-opened. Public health and safety became a priority for a number of teams working collaboratively to manage Covid outbreaks within our communities and to ensure the safe return of people to the town centre as Covid restrictions were eased. Resilience plans were activated in partnership with the Civil Contingencies Unit and businesses were supported by the authority with the distribution of c.£23m in Government grants since the start of the pandemic, through a variety of different schemes – together with expanded Business Rates Relief totalling over £20million to retail, hospitality and leisure businesses, with a further 50% relief to be factored in for 2022/23. The Council's aim was to ensure public service delivery could continue safely where permitted.
- The Council's Recovery & Reset Programme continues to map interdependencies across 7 key projects to build organisational resilience, assess intelligence to maximise opportunities arising from the Pandemic and designed to set a framework for a post pandemic recovery.
- Increased residents' resilience and access to information through empowering and working with 'anchor' and third sector organisations to support our most vulnerable
- Support our most vulnerable through preventing homelessness and helping people access suitable housing amidst major Government initiatives including the "everyone" in campaign, whilst also pausing non-essential moves
- Following meetings being held remotely the Council recommenced its meeting programme through face to face meetings which were additionally streamed
- The internal audit programme included provision of days for Covid-19 flash assurance audits to ensure that those charged with governance were able to get dynamic assurance over risks affecting the Council from the pandemic, for example in terms of productivity and governance. The ICT audit programme included remote working to gain further assurance with most staff transitioning to working from home in relation to ICT Back Ups.

In addition to the above, the Council's 'business as usual' governance arrangements have continued to operate, for example:

- The Code of Corporate Governance, set out in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government,* has been reviewed and updated.
- Internal audit have reported to the Audit & Governance Committee on a quarterly basis and provided an opinion on the overall effectiveness of the system of internal control based upon the work completed. The statement for the 2021/22 financial year is as follows:
  'On the basis of audit work completed, Internal Audit's opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by audit work. These matters have been discussed with management, to whom recommendations have been made. All of these have been, or are in the process of being addressed'.
- Our External Auditors report to each Audit & Governance Committee. In their Annual Audit Letter (2020/21), they gave an unqualified opinion on the Statement of Accounts and an unqualified conclusion in respect of the Authority securing economy, efficiency and effectiveness.
- The Corporate Risk Register is owned and reviewed on a quarterly basis by the Corporate Management Team and reported in the Quarterly Health Check to Cabinet. It is also reported in the risk management update to the Audit & Governance Committee. The changing risk landscape arising from the pandemic, featured as a key area of risk and will continue to be so moving into 2022/23.
- Managers Assurance Statements have been completed by Executive Directors and Assistant Directors and have not identified any significant control issues.
- Financial Guidance and Financial and Contract Procedure Rules are reviewed on a regular basis, the latest review being approved by the Audit & Governance Committee in March 2021. A full review of the constitution took place and was approved by Council in December 2020.
- The Chief Finance Officer and Audit Manager (in post during 2021/22) are suitably experienced and qualified and comply with the CIPFA Statements on their respective roles.
- No issues were raised through the Counter Fraud and Corruption and Whistleblowing Policies.
- There were no data security breaches/lapses during the financial year.
- Internal Audit are required to comply with the Public Sector Internal Audit Standards. As part of this requirement, Internal Audit are required to complete an annual self-assessment against the Standards and produce a Quality Assurance & Improvement Programme(QAIP) which identifies areas for improvement both to ensure compliance with the Standards and other quality areas. The self-assessment against the standards and the QAIP are reported to the Audit & Governance Committee.
- The Performance Management Framework ensures that the Financial Health Check is reported to Cabinet on a quarterly basis and made readily available on the Authority's website.

- The Authority is currently compliant with the PSN Code of Connection. The compliance process includes assessments against governance, service management,information assurance conditions and technical controls and assures access to the Public Services Network. Our current compliance certificate expires in March 2023, the renewal process will be started prior to that to ensure continuity of PSN services.
- An annual update report is presented to the Audit & Governance Committee on theuse of RIPA powers. During 2021/22, no RIPA authorisations were made.
- To assist in a more co-ordinated approach to managing projects, a Corporate ProjectManagement template and process is now in place.
- A self-assessment of the Audit & Governance Committee's effectiveness was completed in February 2022.
- The Chairs of the Audit & Governance and Scrutiny Committees submitted theirAnnual Reports to Full Council.
- The Authority complies with the Financial Management Transparency Code.
- Counter fraud work continues to be completed with the retained expertise of in-housestaff to investigate corporate fraud.
- Internal Audit completes an annual assessment of the risk of fraud which is reported to the Audit & Governance Committee annually. The counter fraud plan and risk assessment were reported to the Committee in October 2021 and it was concluded that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.
- In compliance with the Localism Act 2011, a report was presented to Full Council in October 2020 advising them of the number of complaints received regarding Members Conduct. A report was not submitted during 2021/22.
- The Local Government and Social Care Ombudsman annual report letter was reported to Audit & Governance Committee in September 2021.
- The review of the Constitution and Scheme of Delegation was approved by Council in December 2020. It will be due to be refreshed in the Summer 2022 and is due to be presented to Audit and Governance Committee during October 2022.
- The Anti-Money Laundering Policy was reviewed and refreshed by the Audit & Governance Committee in October 2021 and a new Prevention of Tax Evasion Policy was approved by the Audit & Governance Committee in October 2020.
- A new Diversity and Equality Scheme (2020-24) was formally approved by full council in October 2020 with supporting action plan.
- The annual Pay Policy was approved by Council in September 2021.
- The authority has continued to progress implementations of the organisation's response to the General Data Protection Regulations (GDPR). The Data Protection Officer continues to raise its awareness of GDPR across the authority. As part of wider IT Governance work, policies and procedures have been reviewed or are being developed to meet our obligations under the GDPR and to ensure a robust governance framework is in place for our ICT systems and information assets. The Information Security Policy and Data Protection Policy is

being rolled out across the authority and is a mandatory requirement for new starters. The authority's Corporate Privacy Notice along with Departmental Fair Processing Notices have been developed with reviews being undertaken when necessary. Information on our website has been reviewed and updated with guidance to support our customer's rights of access to their data. Work is progressing with suppliers to ensure the security and compliance of personal data held within our software systems. An ongoing programme of cyber security awareness and training is undertaken across the authority with regular signposted updates on Infozone.

- As part of the remit of the Audit & Governance Committee during 2021/22 they implemented a sub-committee to review the risks around the Future High Street Fund. The sub-committee meets quarterly and reports directly to the Audit & Governance Committee.
- Partnership working arrangements continued to strengthen and further develop with both our statutory and community and voluntary sector partners. The response to the pandemic was unprecedented and has created a good foundation for closer links and partnership work as we move into recovery.
- The Tamworth Advice Centre commissioned through the partnership team continues to provide valuable generalist debt and specialist advice to our most vulnerable citizens and was re-commissioned in 2021/22. This tender was successfully procured and awarded in April 2022 to Mid Mercia CAB.
- We value our community and voluntary sector and the work they do within our community. In 2020/21, despite lockdown we awarded grants through our Community Grants and Councillor Grants Programme to aid community response to the pandemic. Full details can be found on our website: https://www.tamworth.gov.uk/sites/default/files/misc_docs/2021-22_Grants.pdf
- The Place Based Approach continues to grow and further develop; this is a collaborative partnership approach through the County Council Building Resilient Families programme that uses multi skilled teams, universal services, voluntary sector organisations, and communities at the right time to improve outcomes for children, young people, vulnerable people and our community. As part of this Place Based Approach we have been working in partnership to identify community and voluntary sector organisations that can offer children, families and vulnerable people help and support at the earliest opportunity.
- Financial resilience is and has been the key requirement for local authorities at any time, but in the current crisis it has assumed unprecedented importance. Cabinet on 22nd October 2020 approved the Recovery and Reset programme which aims to consider how we can tackle the financial challenges facing the council as a result of the coronavirus pandemic. This will include reviewing services, reducing waste demand on services (basically this is any action or step in a process that does not add value to the customer), exploring opportunities for income generation and identifying any further savings
- The Authority has both a moral and legal obligation to ensure a duty of care for children and adults with care and support needs

across its services. We are committed to ensuring that all children and adults with care and support needs are protected and kept safe from harm whilst engaged in services organised and/or provided by the Council. We do this by:

- Having a Safeguarding Children & Adults at Risk of Abuse & Neglect Policy and procedures in place;
- Having Safeguarding Children & Adults Processes which give clear, step-by-step guidance if abuse is identified;
- Safeguarding training programme in place for staff and members;
- Carrying out of the appropriate level of Disclosure and Barring Service (DBS) checks on staff and volunteers;
- Working closely with Staffordshire Safeguarding Children's Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership; and Staffordshire Police.

- The Authority recognises that it has a responsibility to take a robust approach to slavery and human trafficking. In addition to the Authority's responsibility as an employer, it also acknowledges its duty as a Borough Council to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015. The Authority is committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking. The Authority has included modern slavery and human trafficking information within the corporate safeguarding policy and training.
  https://www.tamworth.gov.uk/sites/default/files/community_docs/Modern_Slavery_Statement_2019-20.docx
  The Council will continue to develop and strengthen its approach to modern slaverytrafficking in 2022/23.

- The Tamworth Vulnerability Partnership continues to meet each week and the Councilis also committed to the Multi Agency Risk Assessment Conference (MARAC) to ensure that partner organisations are working together to coordinate efforts to supporthigh risk victims of domestic abuse, children, young people, families and vulnerable people across Tamworth.
- Tamworth also commissioned a self assessment of its regulatory compliance with the consumer standards for its stock retained services. This assessment commenced in 2020/2021 and the improvement plan will be risk based and built into service plans form 2022-2025.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Audit & Governance Committee and that the arrangements continue to be regarded as fit for purpose. The issues which remain outstanding from previous years' Annual Governance Statements are detailed at **Annex 1** with actions to address them. No additional governance issues were highlighted during 2021/22. Other minor issues highlighted through the assurance gathering process have been noted with planned actions to address theseissues. Monitoring of the completion of all these issues will be completed through reporting to the Audit & Governance Committee.

We propose over the coming year to take steps to address those matters raised to further enhance our governance arrangements. We are satisfied that these steps willaddress the need for improvements that were identified in our review of effectivenessand will monitor their implementation and operations as part of our next review.

Signed

J Oates	A Barratt
Leader	Chief Executive

On behalf of the Authority

This information can be produced on request in other formats and languages. Please contact Internal Audit Services on 01827 709234 or email enquiries@tamworth.gov.uk

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Finance

Significant Governance Issues

The significant governance issues identified in relation to previous iterations of our Annual Governance Statement, which remained significant issues for us during 2021/22 and are detailed below:

No	Issue	Previous Action	Update 2021/22
1	**Medium Term Financial Strategy (MTFS)** Whilst actions have been taken to ensure that the MTFS remains balanced, this is still a significant risk to the Authority. Revenue Support grant will be removed around 2020. Opportunities and risks associated with the 100% Business Rates Retention will need to be identified. The increasing demands of our customers also need to be considered.	Work is also continuing on a number of actions to address the financial position in future years: • Recruitment freeze – there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing; • Spend freeze – A review of the underspend position is undertaken annually with a view to drive out as manysavings as possible. In addition,it has been recommended that there is an immediate suspension of all non-essential spending and that	The Medium Term Financial Planning process is being challenged by the ongoing uncertain economic conditions. The attached forecast is based on a 5 year period, but does contain a number of uncertainties. For two years, the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year, given the COVID-19 pandemic. However, on 7th September 2021, the Chancellor wrote to Secretaries of State to confirm the government's intention to complete a multi-year Spending Review (SR2021), setting revenue and capital budgets for 2022/23 to 2024/25. As part of the recent Spending Review, no announcement was made about the government's plans for funding reform or a reset of the Business Rates Retention (BRR) system, both of which were originally expected to be implemented in 2019/20,

		the budgetbe revised to remove these budgets following the preparation the first quarterly monitoring report. Managers will be required to review their budgets and identify all non-essential spending for 2020/21 as part of the quarter 1 projections at 30 June 2020. • Alternative investment optionsto generate improved returns of c. 4% to 5% p.a. (plus asset growth); • Review of reserves (including ensuring adequate provision for the funding uncertainties) / creation of fund for transformation costs (ifneeded); • Targeted Savings – to identify potential areas for review in future years; and • Review and rationalisation of IT systems.	but which have been delayed a number of times. The 2022/23 local government finance settlement has now been published, for one year only and is based on the Spending Review 2021 (SR21) funding levels. This is the first time since 2015 that, in the context of a multi-year Spending Review, the government has only provided local authorities with a single-year settlement. No detailed announcements were made on funding reform, though Government confirmed that it is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. While this means the Council will be able to retain its business rate growth for 2022/23, it also means that the uncertainty continues and potentially the Council still faces losing this growth from 2023/24 as, over the coming months, the Government have stated that they will work with the sector before consulting on funding reform.

No	Issue	Previous Action	Update 2021/22
2	**Regeneration/Capital Projects** The Authority needs to ensure that capital projects are managed effectively to ensure that they are delivered and grant monies are spent appropriately and timely. There is a risk that developers will not develop timely in accordance with the Local Plan need.	Re-profiling of capital scheme spend from 2019/20 into 2020/21 is forecast at c. £21m (c.£39m 2018/19) relating mainly to Housing Regeneration Schemes, Acquisitions and Commercial Investments. It is anticipated that this spend will now occur during 2020/21 but the situation will be closely monitored and any potential issues will be highlighted at the earliest opportunity. As part of the MTFS, Council in February 2020 approved the updated Capital Strategy which sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets. Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that	Re-profiling of capital scheme spend from 2021/22 into 2022/23 is forecast at c. £30.4m relating mainly to new affordable Housing development, housing capital works, Disabled Facilities Grants,Acquisitions and Commercial Investments. It is anticipated that this spend will now occur during 2022/23 but the situation will be closely monitored. As part of the MTFS, Council in February 2021 approved the updated Capital Strategy which sets out the Council's approach to capital investment and the approach that will be followed in making decisions in respect of the Council's Capital assets. Capital investment is an important ingredient in ensuring the Council's vision is achieved and given that capital resources are limited it is critical that the Council makes best use of these resources – including the development of a long term strategic plan to address the identified maintenance and repairs backlog for corporate assets.

No	Issue	Previous Action	Update 2021/22
		capital resources are limited it is critical that the Council makes best use of these resources – including the development of a long term strategic plan to address the identified maintenance and repairs backlog for corporate assets. It is recognised that significant further work is required in this area in order to deliver a robust capital strategy, in 2020/21, the Asset Management Plan is to be reviewed and updated, with an up to date stock condition survey (with appropriate budget provision approved within the MTFS). This should set out the detailed capital resources /expenditure required to maintain assets, together with the associated timeframe, to inform options appraisal and feed into the capital strategy for ASSG/CMT review of potential schemes. The Tinkers Green and Kerria regeneration project is progressing with anticipated completion during 2020.	It is recognised that significant further work is required in this area in order to deliver a robust capital strategy, and the updated Asset Management Plan is nearing completion, with an up to date stock condition survey (with appropriate budget provision approved within the MTFS) planned. This should set out the detailed capital resources /expenditure required to maintain assets, together with the associated timeframe, to inform options appraisal and feed into the capital strategy for ASSG/CMT review of potential schemes.

No	Issue	Previous Action	Update 2021/22
3	**Welfare & Benefit Reform** There is a risk of reduced income corporately due to welfare reform changes (including council tax support scheme and Universal Credit with further austerity measures from the Welfare reform Act 2015). As well as the potential for reduced income and an increase in bad debts, there are additional impacts arising from increased needs in services – eg., homelessness,requirement for additional support to vulnerable people,increased issues of ASB etc. meaning an increase in demand on 3rd sector and statutory agency services.	The Council has experienced an impact from Welfare Benefit Reform and is able to evidence an increase in rent arrears to the implementation of Universal Credit. A Corporate Working Group has been established to ensure an organisation wide approach and the Council has been pro-active in seeking positive working relationships with DWP. The issue has been the subject of examination by the Council's scrutiny committees. Any impact in relation to homelessness has been less apparent and the Council has been successful in its proactive approach to implementation of the Homelessness Reduction Act and has achieved a significant reduction in the use of bed and breakfast accommodation thereby reducing costs and social harm. Income levels have been largely maintained without reduction in 2019/20 (due to the mitigations put in	Income levels have been largely maintained in 2021/22 (due to the mitigations put in place) despite the Covid-19 crisis. The Corporate Working Group has continued to meet to take forward an organisation wide approach including preparations for implementation of the Debt Respite Scheme (Breathing Space). Following a tender process in 2021, further work was being commissioned around corporate debt to secure a one council approach focusing on not only the management of multiple debt households but seeking to understand how resources are better aligned to secure VFM. Third Sector Support and Vulnerability Strategy is one of the Recovery and Reset Programme projects – recognising that one of the most positive outcomes to the Pandemic is the overwhelming ability of 'anchor organisations and communities' to mobilise and support each other, this project will explore how the Council's commissioning framework can be aligned to build on these foundations going forward and how we define and develop our vulnerability strategy, building on the baseline assessment commissioned

No	Issue	Previous Action	Update 2021/22
		place) however, the Covid-19 crisis likely to now have a significant effect on future income and welfare spending (which we cannot quantify at the moment). Work is being commissioned around corporate debt to secure a one council approach focusing on not only the management of multiple debt households but seeking to understand how resources are better aligned to secure VFM. A corporate task and finish group is being established around vulnerability which will map base line data to support forecasting around likely impacts which will then inform actions.	over the summer.

GLOSSARY

Accrual
A sum included in the accounts for income or expenditure in relation to the financial year, but not received or paid as at 31st March.

Amortisation
A measure of the cost of economic benefits derived from intangible fixed assets that are consumed during the period.

Balances
The total sum available to the Council, including the accumulated surplus of income over expenditure. Balances form part of the Council's reserves.

Balance Sheet
This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

Business Rates Retention Scheme
This was introduced with effect from 1st April 2013, and requires the Council to operate a Collection Fund to account for Business Rates in a similar way to Council Tax. Rather than collecting Business Rates on behalf of the Government, the Council can now retain a share of the Business Rates it collects, and pays out a share to Government, Staffs County Council and the Staffordshire Commissioner (Fire and Rescue).

Capital Adjustment Account
This reserve reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.

Capital Expenditure
Expenditure on the acquisition and enhancement of significant fixed assets that will be of use or benefit to the Council in providing its services beyond the year of account e.g. land and buildings.

Capital Financing Requirement
This represents the Council's underlying need to borrow for capital purposes.

Capital Grants Unapplied
The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Capital Receipts
Proceeds from the sale of assets e.g. land or buildings, which may be used to finance new capital expenditure or are payable to the Central Government Housing Capital Receipts Pool.

Capital Receipts Reserve
The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Cash and Cash Equivalents
Cash includes bank balances and on demand deposits. Cash Equivalents are short term, highly liquid investments where the date of maturity is three months or less from the date of acquisition that are readily convertible to cash with an insignificant risk of change in value.

Cash Flow Statement
This shows the changes in cash and cash equivalents of the Council during the reporting period.

CIPFA
The Chartered Institute of Public Finance and Accountancy (CIPFA) is the professional body for accountants working in the public sector.

Code of Practice
The Code of Practice on Local Authority Accounting in the United Kingdom is produced by CIPFA and complied with by local authorities in the production of the financial statements.

Collection Fund
A fund administered by the Borough Council into which Business Rates and Council Tax monies are received and paid out to Government and precepting authorities.

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 to the General Fund from the Collection Fund.

Community Assets
The class of fixed assets held by the Council in perpetuity that have no determinable useful life and may have restrictions on their disposal, such as parks, historical buildings, works of art, etc.

Component Accounting
Where a Property, Plant or Equipment asset has major components, with a cost significant in relation to the overall cost of the asset; materially different useful lives; and/or different methods of depreciation, the components are separately identified and depreciated.

Comprehensive Income and Expenditure Statement
This statement shows the total income received and expenditure incurred by the Council during the year in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

Contingency
The sum of money set aside to meet unforeseen expenditure.

Contingent Assets
A contingent asset arises where an event has taken place that gives the Council a possible asset which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Council's control. Contingent Assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

Contingent Liabilities
A contingent liability arises where an event has taken place that gives the Council a possible obligation, subject to uncertain future events not wholly within the Council's control. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Creditors
Amounts owed by the Council for work done, goods received or services rendered which have not been paid for by the end of the financial year.

Current Service Cost
An estimate of the true economic cost of employing people in a financial year.

Debtors
Amounts due to the Council for work done or services supplied, for which income has not been received by the end of the financial year.

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.

Depreciation
The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technical or other changes.

Exceptional Items
A material item of income or expenditure, significant to an understanding of the Council's financial performance, disclosed separately within the CIES or in a note to the accounts.

Expected Credit Loss Model
The Expected Credit Loss Model was introduced under IFRS 9 Financial Instruments, and applies to financial assets, lease receivables and contract assets.

Fixed Assets
Tangible assets that yield benefits to the Council for a period of more than one year.

General Fund Balance
The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year (however, the balance is not available to be applied to funding HRA services).

Housing Revenue Account Balance
The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

IFRS
International Financial Reporting Standards (IFRS) are a set of accounting standards used for the production of accounts from 2010/11 onwards. The introduction of IFRS is intended to make the

Statement of Accounts more robust and comparable with other local authorities and the wider public sector.

Intangible Assets
Non-financial assets that do not have physical substance but are controlled by the Council as a result of past events or through custody or legal rights (e.g. software licences).

Investment Property
Under IFRS, investment property is defined as a property which is held exclusively for revenue generation or for the capital gains that the asset is expected to generate - not used directly to deliver the Council's services.

Joint Operations
These are activities undertaken by the Council in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity.

Leasing
A method of financing capital expenditure where rental charges are paid over a specified period of time. There are two main types of leasing arrangements:

(a) finance leases which transfer all the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the Balance Sheet;
(b) operating leases where the ownership of the asset remains with the lessor and annual rental is charged direct to the revenue account.

Liabilities
Amounts due to individuals or organisations which will have to be paid some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Major Repairs Reserve
The Major Repairs Reserve represents the long term average amount of capital spending required to maintain the HRA Council housing stock in its current condition.

Materiality
An item is material if its omission, non disclosure or misstatement could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision
The minimum amount which must be charged to a revenue account each year and set aside to repay debt, presently 4% of the General Fund Capital Financing Requirement. No MRP is required for the Housing Revenue Account.

Movement in Reserves Statement
This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

National Non Domestic Rates (NNDR)
The tax paid on non domestic properties, set annually by Government. In previous years, this tax was collected by billing authorities and paid over to the Government, with the Council receiving a share of the national pool as part of its resources used to meet total net expenditure. Under the new scheme introduced with effect from 1st April 2013, local authorities now retain a proportion of the Business Rates generated in their area.

Non Current Assets Held For Sale
Non Current Assets held for sale are those where the value of the asset will be recovered mainly by selling the asset rather than through its continuing use.

Pension Reserve
This absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions.

Post Balance Sheet Events
Those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept
This is a demand for payment made by Staffordshire County Council, Staffordshire Commissioner (Police and Crime) and Staffordshire Commissioner (Fire and Rescue). The payment is met from the Council's collection fund and is based on the Council Tax base.

Prior Period Adjustments
Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provision
An amount set aside to meet a liability that is likely to be incurred, and a reasonable estimate can be made, charged as an expense to the appropriate service line in the CIES.

Public Works Loans Board (PWLB)
A government agency that provides longer-term loans to local authorities, at interest rates below market rate. It also acts as a lender of last resort (at a higher rate of interest).

Related Party
Two or more parties are related parties when at any time during the financial period:

One party has direct or indirect control of the other party; or
The parties are subject to common control from the same source; or
One party has influence over the financial and operational policies of the other party, to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
The parties, in entering a transaction, are subject to influence from the same source, to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Remuneration
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)
This is expenditure that is defined as Capital but where there is no matching asset in the accounts - legislation allows the treatment of some expenditure as capital where it does not result in the creation of a fixed asset. An example of this is where grants are awarded to third parties for capital expenditure.

Revaluation Reserve
This reserve records the net gain from revaluations of the Council's plant, property and equipment, and Intangible Assets, made after 1st April 2007.

Revenue Expenditure
The day-to-day expenditure incurred by the Council in providing services. It is financed by government grants, non-domestic rates, Council Tax and fees and charges.

Revenue Support Grant (RSG)
A general government grant in support of local authority expenditure.

Specific Grants
Government Grants to local authorities in aid of particular projects or services.

Usable Reserves

The purpose of each usable reserve is detailed below:

General Fund Balance
These funds are available to meet the future running costs for the Council for non-housing services.

Housing Revenue Account
This reserve holds funds that are available to meet future running costs relating to the Council's housing stock.

Capital Receipts Reserve
This reserve holds all of the Council's receipts generated from the disposal of Non Current Assets and although this is in the usable reserves section, this reserve can only be used to finance new capital investment or to repay debt.

Major Repairs Reserve
This reserve is to meet the capital investment requirements of the Council's housing programme.

Capital Grants Unapplied
This reserve is used to hold capital grants without conditions or where conditions have been satisfied, but the grant has yet to be used to finance capital expenditure.

Earmarked Reserves – General Fund / Housing Revenue Account
Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. Further details of the significant reserves within this heading are shown in Note 10.

Appendix to Comprehensive Income and Expenditure Statement

Chief Executive
Chief Executive
Electoral Process
Audit & Governance
Joint Waste Arrangement

Assistant Director Growth & Regeneration
Strategic Planning & Development
Environmental Health
Economic Regeneration
Tourism
Tamworth Castle

Executive Director Organisation
Executive Director Organisation
Legal Services
Democratic Services
Land Charges
Mayoralty

Assistant Director People
Human Resources
Payroll
Customer Services
Communications and Public Relations
Information Technology

Assistant Director Operations & Leisure
Streetscene
Arts & Events
Community Leisure
Environmental Management

Executive Director Finance
Executive Director Finance

Assistant Director Finance
Corporate Finance
Procurement
Corporate Risk
Revenue Services
Benefits

Executive Director Communities
Executive Director Communities

Assistant Director Partnerships
Partnerships
Community Safety
Safeguarding
Private Sector Housing
Strategic Housing

Assistant Director Neighbourhoods – General Fund
Civil Contingencies
Street Wardens
CCTV

Assistant Director Neighbourhoods – HRA
Landlord Services

Assistant Director Assets – General Fund
Commercial Property
Facilities Management

Assistant Director Assets - HRA
Asset Management and Investment

HRA Summary

Housing Repairs

Independent auditor's report to the members of Tamworth Borough Council

Report on the Audit of the Financial Statements

To be provided by the Council's External Auditors, Grant Thornton LLP, on completion of the 2021/22 audit process

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