



**AUDITED**

**Financial Statements  
for the year ended  
31 March 2024**

**Executive Director: Resources**  
Simon Dix

## FINANCIAL STATEMENTS 2023/2024

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## STATEMENT OF RESPONSIBILITIES

### *The Council's Responsibilities*

The Council is required to:

- a. 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 council, that officer is the Executive Director: Resources.
- b. Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c. Approve the financial statements.

### *The Executive Director: Resources' Responsibilities*

The Executive Director: Resources is responsible for the preparation of the Council's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing these financial statements, the Executive Director: Resources has:

- a. Selected suitable accounting policies and then applied them consistently.
- b. Made judgements and estimates that were reasonable and prudent.
- c. Complied with the local authority Code.

The Executive Director: Resources has also:

- a. Kept proper accounting records which were up to date.
- b. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the financial statements on pages 2 to 83 are the relevant financial statements for the audit certificate and present a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31st March 2024.



**S J Dix**  
**Executive Director of Resources**  
**Date: 18/12/24**

Signature of the presiding member at the meeting that approves the accounts (Chair of Audit & Governance Committee)



**Councillor Stewart Dove**  
**Date: 18/12/24**

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2022/2023 - Restated			2023/2024			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
559	0	559		420	0	420
430	-47	383		470	-38	432
1,016	-302	714		1,037	14	1,051
0	0	0		119	0	119
11,320	-4,612	6,708		15,892	-6,325	9,567
3,451	-2,049	1,402		3,577	-2,378	1,199
2,258	-1,500	758		367	-394	-27
234	0	234		271	-4	267
17,094	-14,836	2,258		17,932	-14,970	2,962
992	9	1,001		1,202	-106	1,096
920	-5	915		1,059	0	1,059
2,704	-2,112	592		2,798	-2,438	360
<b>40,978</b>	<b>-25,454</b>	<b>15,524</b>		<b>45,144</b>	<b>-26,639</b>	<b>18,505</b>
			<b>Total Cost of Continuing Operations</b>			
4,316	-2,406	1,910		2,809	-3,743	-934
4,193	-4,259	-66		951	-5,123	-4,172
0	-17,497	-17,497		0	-17,842	-17,842
<b>8,509</b>	<b>-24,162</b>	<b>-15,653</b>		<b>3,760</b>	<b>-26,708</b>	<b>-22,948</b>
<b>49,487</b>	<b>-49,616</b>	<b>-129</b>		<b>48,904</b>	<b>-53,347</b>	<b>-4,443</b>
			<b>(Surplus)/Deficit on Provision of Services</b>			
		36				-204
		43				-6
			(Surplus)/Deficit from revaluation of property, plant & equipment assets			
			(Surplus)/Deficit from investments in equity instruments designated at fair value through other comprehensive income			
		-26,316				10,267
		<b>-26,237</b>				<b>10,057</b>
		<b>-26,366</b>				<b>5,614</b>
			<b>Other Comprehensive Income and Expenditure</b>			
			<b>Total Comprehensive Income and Expenditure</b>			
			<b>(Surplus)/Deficit</b>			

The Comprehensive Income and Expenditure Statement has been restated for a restructure which took effect 1st April 2023, it also includes prior year adjustments to pensions and property, plant & equipment - see note 2a.

## Balance Sheet

31/03/2023 Restated £'000		Notes	31/03/2024 £'000
	<b>Property, Plant &amp; Equipment</b>		
24,590	Other Land & Buildings	15	24,953
180	Infrastructure Assets	15	171
1,720	Vehicles, Plant, Furniture & Equipment	15	1,945
183	Community Assets	15	183
30	Assets Under Construction	15	1
<b>26,703</b>			<b>27,253</b>
59,938	Investment Property	16	59,776
218	Heritage Assets		218
104	Intangible Assets		77
<b>86,963</b>			<b>87,324</b>
10,452	Long Term Investments	17	8,371
879	Long Term Debtors	17	1,083
<b>98,294</b>	<b>Total Long Term Assets</b>		<b>96,778</b>
	<b>Current Assets</b>		
18,127	Short Term Investments	17	2,025
8,787	Short Term Debtors	18	11,388
566	Cash & Cash Equivalents	19	6,714
<b>27,480</b>	<b>Current Assets</b>		<b>20,127</b>
	<b>Current Liabilities</b>		
10,732	Short Term Borrowing	17	722
18,662	Short term Creditors	20	15,942
3,470	Provisions	21	4,142
<b>32,864</b>	<b>Current Liabilities</b>		<b>20,806</b>
<b>92,910</b>	<b>Total Assets Less Current Liabilities</b>		<b>96,099</b>
	<b>Long-Term Liabilities</b>		
16	Provisions	21	40
19,800	Long Term Borrowing	17	19,267
3,256	Net Pensions Liability	23.3	12,519
255	Other Long Term Liabilities		304
<b>23,327</b>	<b>Long-Term Liabilities</b>		<b>32,130</b>
<b>69,583</b>	<b>Net Assets</b>		<b>63,969</b>
	<b>Usable Reserves</b>		
1,000	General Fund Reserve		1,000
27,962	Earmarked Reserves	11	28,639
1,577	Capital Receipts Reserve	MIRS	1,240
541	Capital Grants Unapplied	MIRS	170
9,357	Community Infrastructure Reserve (CIL)	MIRS	12,888
<b>40,437</b>	<b>Usable Reserves</b>		<b>43,937</b>
	<b>Unusable Reserves</b>		
9,187	Revaluation Reserve	23.1	9,272
24,336	Capital Adjustment Account	23.2	25,561
-3,196	Pensions Reserve	23.3	-12,519
2,035	Collection Fund Adjustment Account	23.4	1,371
-52	Financial Instruments Revaluation Reserve	23.6	-46
-2,150	Short-term Accumulating Compensated Absences Account	23.7	-2,531
-1,014	Pooled Investments Adjustment Account	23.5	-1,076
<b>29,146</b>	<b>Unusable Reserves</b>		<b>20,032</b>
<b>69,583</b>	<b>Total Reserves</b>		<b>63,969</b>

These financial statements replace the unaudited financial statements confirmed by the Executive Director:  
Resources on 04/12/2024. Simon Dix



## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied & CIL £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Movement in reserves during 2023/2024</b>							
Balance at 1 April 2023 brought forward	1,000	27,961	1,577	9,899	40,437	29,146	69,583
Total Comprehensive Income & Expenditure	4,443	0	0	0	4,443	-10,057	-5,614
Adjustments between accounting basis & funding basis under regulations (Note 10)	-3,765	0	-337	3,159	-943	943	0
Increase/Decrease (movement) in Year	678	0	-337	3,159	3,500	-9,114	-5,614
Transfers to/from Earmarked Reserves (Note 11)	-678	678	0	0	0	0	0
Balance at 31 March 2024 carried forward	1,000	28,639	1,240	13,058	43,937	20,032	63,969

**MOVEMENT IN RESERVES STATEMENT (continued)**

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied & CIL £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
<b>Movement in reserves during 2022/2023</b>							
Balance at 1 April 2022 brought forward	<u>1,000</u>	<u>28,548</u>	<u>1,311</u>	<u>7,601</u>	<u>38,459</u>	<u>3,742</u>	<u>42,201</u>
Total Comprehensive Income & Expenditure	129	0	0	0	129	26,237	26,366
Adjustments between accounting basis & funding basis under regulations (Note 10)	-716	0	266	2,298	1,849	-1,849	0
Increase/Decrease (movement) in Year	<u>-587</u>	<u>0</u>	<u>266</u>	<u>2,298</u>	<u>1,978</u>	<u>24,388</u>	<u>26,366</u>
Transfers to/from Earmarked Reserves (Note 11)	587	-587	0	0	0	0	0
Balance at 31 March 2023 carried forward	<u>1,000</u>	<u>27,961</u>	<u>1,577</u>	<u>9,899</u>	<u>40,437</u>	<u>29,146</u>	<u>69,583</u>

## CASH FLOW STATEMENT

2022/2023		Note	2023/2024
£'000			£'000
129	Net (surplus) or deficit on the provision of services		4,443
3,932	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<b>24</b>	-1,297
48,508	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		31,654
<b>52,569</b>	<b>Net cash flows from Operating Activities</b>		<b>34,800</b>
-58,219	Investing Activities	<b>25</b>	-15,748
-5,212	Financing Activities	<b>26</b>	-12,904
<b>-10,862</b>	<b>Net increase or decrease in cash and cash equivalents</b>		<b>6,148</b>
11,428	Cash and cash equivalents at the beginning of the reporting period		566
<b><u>566</u></b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>19</b>	<b><u>6,714</u></b>

## **1. Accounting Policies**

### **1.1 General Principles**

The financial statements summarise the Council's transactions for the 2023/2024 financial year and its position at the year-end of 31 March 2024. The Council is required to prepare annual financial statements by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Finance Act 2003.

The accounting convention adopted in the financial statements is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council prepares its financial statements on the basis that it remains a going concern; that assumes that the functions of the Council will continue in operational existence.

### **1.2 Accruals of Expenditure and Income**

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- 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.
- 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.
- 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where 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 for the income that might not be collected.

### **1.3 Cash and 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 can be 'called' within 30 days or less, 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 Council's cash management.

## **1.4 Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. 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 (where material). 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.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council 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 or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council 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.

### **Post Employment Benefits**

Employees of the Council are members of the Local Government Pensions Scheme administered by Gloucestershire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

#### *The Local Government Pension Scheme*

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit 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.
- Liabilities are discounted to their value at current prices, (see relevant note for further details)
- The assets of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their bid value as required by IAS 19.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council 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 appropriations 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 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 Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. However, the Council has a policy not to allow this.

### **1.5 Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the financial statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events, but where 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 financial statements.

### **1.6 Financial Instruments**

#### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council 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 the borrowings that the Council 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 the business model for holding them and the characteristics of their cashflows. The three main classes of financial assets are measured at:

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

The business model of the authority is to hold investments to collect contractual cash flows for treasury management purposes only. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of interest and principal and interest (i.e. where it isn't 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 (CIES) 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 CIES is the amount receivable for the year in the loan agreement.

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

Financial Assets which are in pooled funds which we can instruct to sell shares at any time are recognised on the balance sheet based on the authority's intention to hold the asset. Where the authority intends to hold the asset for several years then it will be classified as a long term asset

### **Expected Credit Loss Model**

The authority recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), 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 or Loss**

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.

The authority applies the statutory override available on these fair value gains and losses to move them from the CIES to reserves via the Movement in Reserves Statement. The gains and losses are therefore not recognised as a cost to taxpayers, until the financial asset is derecognised.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

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 Council 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.

## **Financial Assets Measured at Fair Value through Other Comprehensive Income**

Financial assets that are measured at FVOCI 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 arise in other comprehensive income.

The Council has made an irrevocable election to designate our equity investments to fair value through other comprehensive income (Note 18) because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

Any gains or losses are taken to the Financial Instruments Revaluation Reserve and changes in fair value are posted to Other Comprehensive Income and Expenditure.

### **1.7 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 Council when there is reasonable assurance that:

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

Amounts recognised as due to the Council 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 acquired using 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. 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-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

The policy of this council is to recognise all grants straight away in the Comprehensive Income and Expenditure Account unless there are conditions attached to the grant that require repayment and the Council believes this is more than likely to occur based on previous experience.

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, 5% of these charges may be used to fund revenue administrative costs of CIL.

## **1.8 Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council 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 Council.

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 Council 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).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council 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(s) 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(s) 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 £10,000) the Capital Receipts Reserve.

## **1.9 Interests in Companies and Other Entities**

The Council does not have any material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and would require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

## **1.10 Investment Property**

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 or is held for sale.

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 Comprehensive Income and Expenditure Account 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 £10,000) the Capital Receipts Reserve.

## **1.11 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.

### **The Council as Lessee**

#### *Finance Leases*

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution 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.

#### *Operating Leases*

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or 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 Council as Lessor**

### *Finance Leases*

Where the Council 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 Council'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.

Where the Council 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 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 or a rent free period). 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.

### **1.12 Non-Current Assets Held for Sale and Disposals**

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 fair 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.

To be classed as 'held for sale' the following criteria must be met:

- The asset is available for immediate sale in the present condition subject to terms that are usual and customary for such assets;
- The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value;
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

### **Disposals**

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 (i.e. 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 £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). 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 fixed 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.

### **1.13 Overheads and Support Services**

The costs of overheads and support services are not shown within the service segments in the Comprehensive Income and Expenditure Account as we do not report this in our management reports throughout the year.

## 1.14 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 Council'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. If the current year amount is material (even if the comparator is not) then a prior period adjustment will be carried out if it aids understanding for the reader.

## 1.15 Property, Plant and 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.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides are for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

### Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition at its current location for its intended use, including the purchase price and any dismantling and removal costs.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). 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 Council.

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

Current Value (Existing Use)	<ul style="list-style-type: none"><li>• Where there is no market-based evidence of fair value because of the specialist nature of an asset, it is an estimate of the amount that would be paid for the asset in its existing use;</li><li>• Includes assets held such as car parks, properties and offices.</li></ul>
Depreciated Replacement Cost	<ul style="list-style-type: none"><li>• Represents the current cost of replacing an asset with its modern equivalent less deductions for physical deterioration and all relevant forms of obsolescence</li><li>• Includes assets held such as cemetery and theatre.</li></ul>
Market Value	<ul style="list-style-type: none"><li>• Items which are not held primarily for delivery of council services and which are valued at the price that would be received to sell an asset in on the open market;</li><li>• No assets valued as MV in PPE, it is used for our investment properties.</li></ul>
Depreciated historic cost	<ul style="list-style-type: none"><li>• Represents the cost of bringing the asset into operational use less an adjustment for depreciation. Used where a reliable estimate of its current fair value cannot be made;</li><li>• Infrastructure, community assets and assets under construction.</li></ul>

Where the Council recognises 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.

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end. The Council has a policy to revalue all its assets at year end to ensure their current value is reflected in the financial statements. 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:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- 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 line(s) in the Comprehensive Income and Expenditure Statement.

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

The Council operates a de minimis for capital purposes of £10,000 (including groups of assets) except where a specific government grant has been received or it is an enhancement of an existing asset.

### **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 impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- 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 line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

### **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).

Depreciation is calculated on a straight line basis over the following time periods:

- Dwellings and other buildings - the useful economic life (UEL) of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment - 3 to 10 years, which is deemed a reasonable estimation of the UEL of these types of assets;
- Infrastructure - over the UEL of the individual assets as estimated by the valuer or Project Officer.  
- These assets have an estimated UEL of between 30 - 60 years
- Specialist equipment - depreciated over the useful economic life (UEL) of the asset as estimated by a suitably qualified person.  
- solar panels are being depreciated over 25 years

Revaluation gains are also depreciated. 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.

### **Componentisation**

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

The Council has taken the view that 'significant' means:

- The cost of the component is more than 25% of the cost of the asset as a whole; and
- The cost of the component is more than £500,000.

However, if depreciating the single asset as opposed to the separate components will not result in a material misstatement of either depreciation charges or the carrying amount of the asset then componentisation will not be required.

### **1.16 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 non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- 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.
- Amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance (England and Wales). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **1.17 Provisions, Contingent Liabilities and Contingent Assets**

#### **Provisions**

Provisions are made where an event has taken place that gives the Council 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 Council 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 in the year that the Council becomes aware of the obligation. They 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 Council settles the obligation.

## **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 financial statements.

## **Contingent Assets**

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the financial statements where it is probable that there will be an inflow of economic benefits or service potential.

## **1.18 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets such as financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

## **1.19 Revenue Expenditure Funded from Capital under Statute**

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 Council 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 Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **1.20 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.

## **1.21 Heritage Assets**

Heritage assets are held by the Council for the objective of contributing to knowledge and culture. The museum exhibits and historical sites are to provide historical understanding and appreciation of the local area and the civic regalia is held for historical and cultural appreciation of the Borough.

Where Heritage Assets have been recognised in the Balance Sheet, the measurement basis (including the treatment of revaluation gains and losses) is in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets and are accounted for as follows.

The Council does not, normally, purchase heritage assets.

Where heritage assets have been donated they are initially carried at cost. Where there is not readily identifiable evidence of cost, the Council will ask an expert (in that field) to provide an estimate of the value of those assets. Where a reliable estimate of value cannot be made (due to unique nature of heritage assets) the Council's policy is to not to disclose a value in the Balance Sheet but to disclose a note in the financial statements to explain the assets held.

Subsequently to initial disclosure, the Council uses insurance valuations of the assets as an estimation of the carrying value of these assets. Our insurance schedule is updated annually and the officer responsible for the assets held assesses whether this valuation is adequate.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

The Council does not, normally, dispose of heritage assets but if the event occurred the proceeds would be accounted for in line with the general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### **1.22 Council tax and Non-Domestic rates (NDR)**

Billing authorities like Tewkesbury Borough council 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. 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 more or less than predicted.

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, the asset is written down and a charge made to the taxation and non-specific grant income line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## 2. Accounting Standards Issued, Not Adopted

The 2023/24 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the code. The Code also 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.

The standards introduced by the 2024/25 Code which may impact the 2024/25 financial statements are:

- 1 IFRS 16 Leases issued in January 2016, we have reviewed all operating leases and identified which leases will be treated as IFRS 16 from 1st April 2024. The total of these leases are not material.
- 2 Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
  - specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- 3 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- 4 Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- 5 International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
  - a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- 6 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
  - assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

It is not expected that these new standards will have a material effect on the accounts.

The Council will be adopting IFRS16 Leases on 1 April 2024.

## 2a. Prior Period Adjustment

During the 2023/2024 financial year, the Council took the opportunity to review the base information that is provided to the Valuer to use as part of the annual valuation of our assets. It was identified that the evidence supporting two of the assets was out-of-date and required updating. For one property, The Roses Theatre, we have been previously using measurements which were not relevant for the valuation purposes. A re-measurement of the floor area provided different evidence to that previously supplied to the valuer. For a second property, The Leisure Centre, it was identified that we had been using Gross Internal Area measurements incorrectly which had resulted in an overstatement of the value of the asset.

Providing the updated information to the valuer on the Roses Theatre and the Leisure Centre has resulted in a change in value of these buildings. It was decided to restate the balance sheet to reflect what the value would have been had the assets been valued using this updated information. The Net Book Value of the change on the 2022/2023 Balance Sheet was £1,052k. The impact has been to adjust the Revaluation Reserve by the same amount, as there is sufficient reserve available to charge the change in value to.

The Council have also made a prior year adjustment to recognise a pension asset liability in 2022/2023. This is because under IAS19, IFRIC14 an additional liability needs to be recognised where agreed past service contributions would give rise to a future surplus and not be available after they are paid. An adjustment of £954k has been made to recognise an additional liability.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requires that an authority presents a Balance Sheet at the beginning of the preceding period when an authority makes a retrospective restatement. The table below demonstrates the effects on the Balance Sheet for the financial year 2022/2023.

### Effect on line items in the Balance Sheet 31 March 2023

	31/03/2023 As Originally Stated £'000	31/03/2023 As Restated £'000	Amount of restatement £'000
<b>Property, Plant &amp; Equipment</b>			
Other Land & Buildings	25,643	24,591	-1,052
<b>Total Long Term Assets</b>	<b>99,346</b>	<b>98,294</b>	<b>-1,052</b>
<b>Long-Term Liabilities</b>			
Net Pensions Liability	-2,302	-3,256	-954
<b>Total Long-Term Liabilities</b>	<b>-22,373</b>	<b>-23,327</b>	<b>-954</b>
<b>Unusable Reserves</b>			
Revaluation Reserve	10,239	9,187	-1,052
Pensions Reserve	-2,242	-3,196	-954
<b>Total Unusable Reserves</b>	<b>31,152</b>	<b>29,146</b>	<b>-2,006</b>
<b>Total Balances and Reserves</b>	<b>71,589</b>	<b>69,583</b>	<b>-2,006</b>

2a. Prior Period Adjustment (continued)

**MOVEMENT IN RESERVES STATEMENT**

	31/03/2023 As Originally Stated	31/03/2023 As Restated	Amount of restatement
	Unusable Reserves		
	£'000	£'000	£'000
<b>Movement in reserves during 2022/23</b>			
Balance at 1 April 2022 brought forward	<u>4,758</u>	<u>3,742</u>	<u>1,016</u>
Total Comprehensive Income & Expenditure	28,243	26,237	2,006
Adjustments between accounting basis & funding basis under regulations (Note 10)	-1,849	-1,849	0
Increase/Decrease (movement) in Year	<u>26,394</u>	<u>24,388</u>	<u>2,006</u>
Transfers to/from Earmarked Reserves (Note 11)	<u>0</u>	<u>0</u>	<u>0</u>
Balance at 31 March 2023 carried forward	<u>31,152</u>	<u>29,146</u>	<u>2,006</u>

**DEFINED BENEFIT PENSION SCHEMES**

Transactions relating to Post-employment Benefits

	31/03/2023 As Originally Stated	31/03/2023 As Restated	Amount of restatement
	£'000	£'000	£'000
<b>a). Comprehensive Income and Expenditure Statement</b>			
<b>Cost of Services:</b>			
- Current service cost	3,478	3,478	0
- Past service cost	0	0	0
<b>Financing and Investment Income and Expenditure</b>			
- Net interest expense	766	766	0
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<u>4,244</u>	<u>4,244</u>	<u>0</u>

## 2a. Prior Period Adjustment (continued)

	31/03/2023 As Originally Stated £'000	31/03/2023 As Restated £'000	Amount of restatement £'000
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>			
- Return on plan assets (excluding the amount included in the net interest expense)	3,234	3,234	0
- Actuarial gains and losses arising on changes in demographic assumptions	-1,754	-1,754	0
- Actuarial gains and losses arising on changes in financial assumptions	-36,604	-36,604	0
- Other	7,854	8,808	954
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>-27,270</b>	<b>-26,316</b>	<b>954</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>-23,026</b>	<b>-22,072</b>	<b>954</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

	31/03/2023 As Originally Stated £'000	31/03/2023 As Restated £'000	Amount of restatement £'000
Present value of the defined benefit obligation	72,104	72,104	0
Fair value of plan assets	-69,862	-69,862	0
Expected net asset once agreed past service contributions are paid	0	954	-954
<b>Net liability arising from defined benefit obligation</b>	<b>2,242</b>	<b>3,196</b>	<b>-954</b>
<b>Comprised of:</b>			
Net Liability	1,219	1,219	0
Present Value of unfunded obligations	1,023	1,023	0
Net Liability Allowing for present value of agreed past service contributions	0	10,412	-10,412
Economic benefit available as a reduction in future contributions	0	-9,458	9,458
<b>Net Additional Liability</b>	<b>2,242</b>	<b>3,196</b>	<b>-954</b>

2a. Prior Period Adjustment (continued)

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

2022/2023 - As originally stated				2022/2023 - Restated		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
49,487	-49,616	-129	(Surplus)/Deficit on Provision of Services	49,487	-49,616	-129
		-1,016	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets			36
		43	Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income			43
		-27,270	Actuarial (Gains)/Losses on Pensions Assets/Liabilities			-26,316
		<u>-28,243</u>	<b>Other Comprehensive Income and Expenditure</b>			<u>-26,237</u>
		<u><u>-28,372</u></u>	<b>Total Comprehensive Income and Expenditure</b>			<u><u>-26,366</u></u>

### **3. Critical Judgements in Applying Accounting Policies**

In applying the accounting policies set out in Note 1, the Council 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:

#### **Consideration of Group Accounts**

The Council joined a Local Authority owned company, Ubico Ltd, on the 1 April 2015. This company provides a range of environmental services for the Council. The company is owned by 8 local government authorities. Each council has one share interest in Ubico Ltd.

We are required to consider whether the Council has an interest in this company and whether the Council should produce group accounts.

Our conclusion is that Ubico Ltd represents a separate vehicle. However, when considering joint arrangements, under IFRS12, our assessment is that on the test of whether there is joint control per section 9.1.2.10 of the code. As decisions are made on a majority basis and do not require unanimous consent so there is no joint control.

We have then considered whether under IAS28, that we have significant influence, per 9.1.2.22 of the Code. As there are 8 equal shareholders our interest in Ubico is below the 20% threshold which is an indication of holding significant influence. Other factors which we have considered include representation on the board, participation in policy making, material transactions and management influence. Our judgement is that there is no persuasive evidence that the Council has a significant level of control over the strategic direction and operation of Ubico Ltd. Therefore, group accounts do not need to be produced.

The Council has accounted for the cost incurred in operating a service contract with Ubico Ltd and also the interest the Council has as a shareholder, however the Council's statements do not reflect any interest in assets and liabilities that we have in the company.

Ubico Ltd's statement of accounts are available from Companies House.

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

The financial statements contain estimated figures that are based on assumptions made by the Council 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 Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year (due to assumptions/judgements) are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions								
Restriction of Pension Asset	<p>The actuary valued the pension asset under IAS19 to be £5,701m (made up of £6,670m asset for the funded pension obligations and a £969k liability for the unfunded obligations). Under IFRIC14 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, a pension asset can only be recognised if it results in a future economic benefit through refunds or a reduction in employer's contributions. The present value of future cashflows uses the discount rate as at 31 March 2024 (4.85%) and salary increase assumption of 3.25% per annum. These are estimates provided by the actuary and any variation in these could result in substantially different figures. Using this data the actuary has calculated the following annuity figures:</p> <table border="1" data-bbox="313 1241 927 1465"> <thead> <tr> <th data-bbox="313 1360 451 1392">Period</th> <th data-bbox="451 1360 613 1392">Perpetuity</th> <th data-bbox="613 1283 743 1392">Funding 'time horizon'</th> <th data-bbox="743 1283 927 1392">Future working lifetime (FWL)</th> </tr> </thead> <tbody> <tr> <td data-bbox="313 1392 451 1430">Annuity</td> <td data-bbox="451 1392 613 1430">66.7</td> <td data-bbox="613 1392 743 1430">15</td> <td data-bbox="743 1392 927 1430">6.6</td> </tr> </tbody> </table> <p>Using the data provided the present value of future service costs is less than the present value of future service contributions by £4.535m however due to the reasons above this can't be realised and the economic benefit is capped at nil. IFRIC14 also stated that the minimum funding requirement should be split out between future service and past service elements. Agreed past service contributions need to be recognised where they would give rise to a future surplus and not be available once paid (as a refund).</p>	Period	Perpetuity	Funding 'time horizon'	Future working lifetime (FWL)	Annuity	66.7	15	6.6	<p>Due to the material nature of these figures any changes in assumptions could result in a substantially different pension liability. If the asset ceiling was higher then a lower pension liability would be shown in the accounts.</p> <p>Local authority Local Government Pension Scheme (LGPS) plans are statutorily prescribed with a specified routine process for the determination of employer contributions. No element of the surplus belongs to pension fund members, we can't obtain refunds of any surplus within the plan nor can we wind up the plan (and therefore obtain refunds). Based on this we have decided, under IAS19, the amount of pension asset we can recognise is the lower of the surplus in the defined benefit plan and the ceiling.</p>
Period	Perpetuity	Funding 'time horizon'	Future working lifetime (FWL)							
Annuity	66.7	15	6.6							

	The present value of the agreed past service contributions has been calculated to be £11.55m so added to the net asset of £6.67m would mean a new net asset figure of £18.22m once these contributions have been paid.		
Pensions Liability	The assumptions under the Accounting Standard are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries/deferred pension revaluation/pension increases in payment), can have a significant effect on the value of the obligations reported. There is also uncertainty around life expectancy, and the value of current and future pension benefits will depend on how long pensions are assumed to be in payment. The disclosures have been prepared using the longevity assumptions stated in Note 34	The effects on the scheme liabilities of changes in individual assumptions can be measured and the sensitivities regarding the principal assumptions are set out below:  The main demographic assumption is around the life expectancy of members. The actuary estimates that a one year increase in life expectancy would increase the Employer's Defined Benefit Obligation by around 3-5%.	
	<b>Change in assumptions at year ended 31 March</b>	<b>Approx. increase to</b>	<b>Approx. monetary</b>
	0.1% decrease in Real Discount Rate	2%	1,278
	1 year increase in member life expectancy	4%	2,915
	0.1% increase in the Salary Increase Rate	0%	143
0.1% increase in the Pension Increase Rate (CPI)	2%	1,157	

## 5. EXPENDITURE AND FUNDING ANALYSIS

2022/23 - restated			2023/24			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (Note 10)	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis (Note 10)	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
471	88	559	Chief Executive Unit	411	9	420
333	50	383	People Culture and Performance	413	19	432
544	170	714	Transformation	1,025	26	1,051
0	0	0	Executive Director of Place	112	7	119
4,857	1,851	6,708	Communities	6,728	2,839	9,567
1,039	363	1,402	Planning	1,109	90	1,199
758	0	758	Garden Towns	-19	-8	-27
217	17	234	Executive Director of Resources	268	-1	267
1,248	1,010	2,258	Corporate Resources	1,801	1,161	2,962
2,223	-1,222	1,001	Finance	2,316	-1,220	1,096
770	145	915	IT and Cyber	918	141	1,059
187	405	592	One Legal	285	75	360
<b>12,647</b>	<b>2,877</b>	<b>15,524</b>	<b>Net cost of services</b>	<b>15,367</b>	<b>3,138</b>	<b>18,505</b>
2,434	-524	1,910	Other Operating Expenditure	2,599	-3,533	-934
-1,763	1,697	-66	Financing and Investment Income and Expenditure	-2,771	-1,401	-4,172
-12,732	-4,765	-17,497	Taxation and Non-Specific Grant Income and Expenditure	-15,873	-1,969	-17,842
<b>-12,061</b>	<b>-3,592</b>	<b>-15,653</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>-16,045</b>	<b>-6,903</b>	<b>-22,948</b>
<b>587</b>	<b>-716</b>	<b>-129</b>		<b>-678</b>	<b>-3,765</b>	<b>-4,443</b>
<b>29,548</b>			<b>Opening General Fund Balance</b>	<b>28,961</b>		
<b>-587</b>			<b>Less surplus or (deficit) on General Fund Balance in year</b>	<b>678</b>		
<b>28,961</b>			<b>Closing General Fund Balance at 31 March</b>	<b>29,639</b>		
<b>1,000</b>			<b>Closing Balance made up of</b>			
<b>27,961</b>			General Fund Balance	<b>1,000</b>		
<b>28,961</b>			Earmarked Reserves (note 11)	<b>28,639</b>		
				<b>29,639</b>		

## 6. Expenditure and Funding Analysis detail

<b>Adjustments from General Fund to arrive at the CIES amounts 2023/2024</b>	<b>Adjustment for Capital Purposes £'000</b>	<b>Net Change to the Pensions Adjustment £'000</b>	<b>Other Statutory Adjustments £'000</b>	<b>Other Non Statutory Adjustments £'000</b>	<b>Total Adjustments £'000</b>
Chief Executive Unit	0	6	0	3	9
People Culture and Performance	1	3	0	15	19
Transformation	0	7	0	20	27
Executive Director of Place	0	1	0	6	7
Communities	2,724	30	0	85	2,839
Planning	11	19	0	60	90
Garden Towns	0	3	0	-12	-9
Executive Director of Resources	0	2	0	-3	-1
Corporate Resources	947	103	0	111	1,161
Finance	7	-1,239	0	12	-1,220
IT and Cyber	90	12	0	38	140
One Legal	3	26	0	47	76
<b>Total Cost of Continuing Operations</b>	<b>3,783</b>	<b>-1,027</b>	<b>0</b>	<b>382</b>	<b>3,138</b>
Other Operating Expenditure	-3,533	0	0	0	-3,533
Financing and Investment Income and Expenditure	-1,707	83	0	223	-1,401
Taxation and Non-Specific Grant Income and Expenditure	-2,633	0	664	0	-1,969
<b>Difference between General Fund surplus or deficit and CIES surplus on the provision of services</b>	<b>-4,090</b>	<b>-944</b>	<b>664</b>	<b>605</b>	<b>-3,765</b>

## 6. Expenditure and Funding Analysis detail (continued)

Adjustments from General Fund to arrive at the CIES amounts 2022/2023 (restated)	Adjustment for Capital Purposes £'000	Net Change to the Pensions Adjustment £'000	Other Statutory Adjustments £'000	Other Non Statutory Adjustments £'000	Total Adjustments £'000
Chief Executive Unit	0	77	0	10	87
People Culture and Performance	1	49	0	0	50
Transformation	0	170	0	0	170
Executive Director of Place	0	0	0	0	0
Communities	1,342	443	0	65	1,850
Planning	14	352	0	-3	363
Garden Towns	0	0	0	0	0
Executive Director of Resources	0	25	0	-7	18
Corporate Resources	465	453	0	92	1,010
Finance	7	-1,242	0	12	-1,223
IT and Cyber	145	0	0	0	145
One Legal	3	384	0	19	406
<b>Total Cost of Continuing Operations</b>	<b>1,977</b>	<b>711</b>	<b>0</b>	<b>188</b>	<b>2,876</b>
Other Operating Expenditure	-524	0	0	0	-524
Financing and Investment Income and Expenditure	-1,773	766	0	2,704	1,697
Taxation and Non-Specific Grant Income and Expenditure	-2,079	0	-2,686	0	-4,765
<b>Difference between General Fund surplus or deficit and CIES surplus on the provision of services</b>	<b>-2,399</b>	<b>1,477</b>	<b>-2,686</b>	<b>2,892</b>	<b>-716</b>

## 7. Material Items of Income and Expense

It is a requirement to disclose material sources of income for each service area. A review of the income received has identified the following:-

	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>
Revenues from external customers		
Rents, Lettings, Wayleaves, Easements	-3,473	-3,768
Planning - Planning Fees	-1,189	-1,066
One Legal - recharges for services to other local authorities	-1,641	-1,814
Communities - Garden Waste Income	-1,049	-1,115

Material income from Grants and Contributions is disclosed in Note 30.

There are no items of material income and expense that are not identified elsewhere in the accounts. For the purpose of this note the Council considers material items to be those greater than £900k.

## 8. Expenditure & Income Analysed By Nature

	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Employee Benefits	12,774	11,541
Other Services	27,268	30,130
Depreciation, Amortisation, Impairment and Revenue Financing	4,681	4,037
Interest Payments	449	416
Precepts and Levies	2,433	2,600
Loss on Disposal/Impairment of Assets	1,882	180
<b>Total Expenditure</b>	<b><u>49,487</u></b>	<b><u>48,904</u></b>
<b>Income</b>		
Fees, Charges & Other Service Income	-13,325	-16,747
Interest & Investment Income	-4,259	-5,124
Council Tax, Non-Domestic Rates	-12,267	-11,934
Government Grants & Contributions	-19,690	-19,542
COVID-19 Grants	-75	0
<b>Total Income</b>	<b><u>-49,616</u></b>	<b><u>-53,347</u></b>
<b>(Surplus)/Deficit</b>	<b><u>-129</u></b>	<b><u>-4,443</u></b>

## 9. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director: Resources 18/12/2024. Events taking place after this date are not reflected in the financial statements or notes.

## 10. Adjustments Between Accounting Basis and Funding Basis Under Regulations

2022/2023 Usable Reserves				2023/2024 Usable Reserves		
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied including CIL Reserve £'000		General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied including CIL Reserve £'000
£'000	£'000	£'000		£'000	£'000	£'000
<b>Adjustments to revenue reserves</b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements</i>						
-1,477	0	0	Pension costs (transferred to (or from) the Pensions Reserve)	944	0	0
-1,088	0	0	Pooled investment funds (transferred to the pooled investment funds adjustment account)	-62	0	0
2,686	0	0	Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	-664	0	0
-189	0	0	Holiday pay (transferred to the Accumulated Absences Reserve)	-382	0	0
-5,482	0	0	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the capital adjustment account)	-4,123	0	0
<b>-5,550</b>	<b>0</b>	<b>0</b>	<b>Total Adjustments to revenue resources</b>	<b>-4,287</b>	<b>0</b>	<b>0</b>
<b>Adjustments between revenue and capital resources</b>						
429	-429	0	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	181	-181	0
2,080	0	-2,080	Transfer of capital grants and contributions to capital grants unapplied	2,634	0	-2,634
927	0	0	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	949	0	0
1,984	0	-1,984	Transfers in respect of community infrastructure levy (CIL) receipts	3,530	0	-3,530
846	0	0	Capital Expenditure financed from revenue balances (transfers to the Capital Adjustment Account)	758	0	0
<b>6,266</b>	<b>-429</b>	<b>-4,064</b>	<b>Total adjustments between revenue and capital resources</b>	<b>8,052</b>	<b>-181</b>	<b>-6,164</b>
<b>Adjustments to capital resources</b>						
0	163	0	Use of the Capital Receipts Reserve to finance capital expenditure	0	518	0
0	0	1,766	Receipt and Application of capital grants to finance capital expenditure	0	0	3,005
<b>0</b>	<b>163</b>	<b>1,766</b>	<b>Total adjustments to capital resources</b>	<b>0</b>	<b>518</b>	<b>3,005</b>
<b>716</b>	<b>-266</b>	<b>-2,298</b>	<b>Total adjustments</b>	<b>3,765</b>	<b>337</b>	<b>-3,159</b>

## 11. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/2024.

	Balance 31/03/2022 £'000	Movement 2022/2023 £'000	Balance 31/03/2023 £'000	Movement 2023/2024 £'000	Balance 31/03/2024 £'000
Asset Management Reserve*	1,556	-40	1,596	-219	1,815
Borough Growth Reserve	628	49	579	179	400
Borough Regeneration Reserve	82	61	21	2	19
Business Rates Earmarked Reserve	1,180	1,055	125	125	0
Business Support Reserve	254	166	88	37	51
Business Transformation Reserve**	1,289	-251	1,540	233	1,307
Climate Change Reserve	365	255	110	-82	192
Community Support Reserve***	893	-115	1,008	115	893
Council Tax Reserve	251	153	98	0	98
Development Management Reserve	473	74	399	-159	558
Development Policy Reserve****	2,019	281	1,738	-682	2,420
Elections Reserve	191	-38	229	167	62
Flood Support and Protection Reserve	10	0	10	-7	17
Garden Town Reserve	1,284	913	371	84	287
Health & Leisure Development reserve	2	2	0	0	0
Horsford Reserve	71	5	66	-10	76
Housing & Homeless Reserve	649	92	557	-59	616
Information Technology Reserve	167	2	165	17	148
Insurance Reserve	60	60	0	0	0
Investment Reserve	450	-150	600	-250	850
Mayors Charity Reserve	5	1	4	-2	6
MTFS Equalisation Reserve*****	3,103	135	2,968	42	2,926
Open Space & watercourse Reserve *****	638	-291	929	-345	1,274
Organisational Development Reserve	158	-553	711	-353	1,064
Planning Obligation Reserve *****	9,166	-1,061	10,227	871	9,356
Risk Management Reserve	760	150	610	163	447
Waste & Recycling Development Reserve *****	2,844	-368	3,212	-563	3,775
<b>Totals</b>	<b>28,548</b>	<b>587</b>	<b>27,961</b>	<b>-677</b>	<b>28,638</b>

### Material Reserves

\* The Asset Management Reserve is monies set aside to fund projects in relation to the Council's property. Currently, the reserves are being used to support the Council office refurbishment and to support and maintain the commercial properties purchased.

\*\*Business transformation reserve are funds set aside to improve efficiencies and automation at an operational level.

\*\*\*Community support reserves are funds directly linked to projects that facilitate local businesses and community groups.

\*\*\*\*Development policy reserve is funding to support infrastructure for new developments.

\*\*\*\*\*The MTFS Equalisation Reserve is monies which have been set aside to protect budgets against the impact of future reductions in grants and funding from central government as well as other pressures on revenue budgets.

\*\*\*\*\* Commuted Sums held in a reserve specifically for the maintenance of open spaces and watercourses.

\*\*\*\*\* The Planning Obligations Reserve represents those sums received from developers which have to be used for the purposes specified in the section 106 agreements and again cannot be used for any other purpose.

\*\*\*\*\* The Waste & Recycling Development Reserve is monies set aside as part of a 5 year plan to have sufficient fund for vehicle replacement.

### **Hierarchy of Reserves**

The following table shows the nature of the reserves held by hierarchy of commitments held.

	<b>Balance</b>
	<b>31/03/2024</b>
	<b>£'000</b>
External/Ringfenced	4,086
Agreed Projects	6,479
Planned Expenditure	4,230
Uncommitted Reserve	4,406
Planning Obligations Reserve	9,356
Trust and Charity reserves	82
	<u><b>28,639</b></u>

## 12. Other Operating Income & Expenditure

2022/2023 £'000		2023/2024 £'000
-1,984	Community Infrastructure Levy Capital Receipts	-3,530
2,433	Parish Council Precepts	2,600
8	(Gains)/Losses on Disposal Of Non-Current Assets	180
1,874		-3
-421	Impairment of Asset	-181
	Other Income - Right to Buy Sales	
<u>1,910</u>		<u>-934</u>

## 13. Financing & Investment Income & Expenditure

2022/2023 £'000		2023/2024 £'000
449	Interest payable and similar charges	416
-534	Interest receivable and similar income	-1,092
766	Net interest on the net defined benefit liability	83
1,616	Income and expenditure in relation to changes in investment properties fair value	162
-3,053	Income and expenditure in relation to investment properties	-3,355
690	(Gains)/losses and dividends for financial instruments classified as fair value through profit and loss	-386
<u>-66</u>		<u>-4,172</u>

## 14. Taxation and Non Specific Grant Income and Expenditure

2022/2023 £'000		2023/2024 £'000
-7,409	Council Tax Income	-7,854
-4,858	Non-domestic rates income and expenditure	-2,925
-24	Revenue Support Grant	-158
-3,127	Other Non-Ring fenced Government Grants	-3,116
0	Expanded Retail Relief - Non-domestic rates	-1,155
-2,079	Capital Grants and Contributions	-2,634
<u>-17,497</u>		<u>-17,842</u>

## 15. Property, Plant and Equipment

### Movements in 2023/24

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
<b>Cost or Valuation</b>						
<b>At 1 April 2023</b>	<b>24,590</b>	<b>7,937</b>	<b>326</b>	<b>183</b>	<b>30</b>	<b>33,066</b>
Additions	1,226	593	0	0	-32	1,787
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-170	0	0	0	0	-170
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	-516	0	0	0	0	-516
Derecognition/Disposals/Impairment	-177	-111	0	0	3	-285
<b>At 31 March 2024</b>	<b>24,953</b>	<b>8,419</b>	<b>326</b>	<b>183</b>	<b>1</b>	<b>33,882</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2023</b>	<b>0</b>	<b>-6,217</b>	<b>-146</b>	<b>0</b>	<b>0</b>	<b>-6,363</b>
Depreciation charge	-373	-365	-9	0	0	-747
Depreciation written out to Revaluation Reserve	373	0	0	0	0	373
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	108	0	0	0	108
<b>At 31 March 2024</b>	<b>0</b>	<b>-6,474</b>	<b>-155</b>	<b>0</b>	<b>0</b>	<b>-6,629</b>
<b>Net Book Value</b>						
<b>At 31 March 2024</b>	<b>24,953</b>	<b>1,945</b>	<b>171</b>	<b>183</b>	<b>1</b>	<b>27,253</b>
<b>At 31 March 2023</b>	<b>24,590</b>	<b>1,720</b>	<b>180</b>	<b>183</b>	<b>30</b>	<b>26,703</b>

## 15. Property, Plant and Equipment (continued)

### Movements in 2022/23 (restated)

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
<b>Cost or Valuation</b>						
<b>At 1 April 2022</b>	<b>25,003</b>	<b>6,882</b>	<b>326</b>	<b>23</b>	<b>1,190</b>	<b>33,424</b>
Additions	0	444	0	0	1,582	2,026
Transfers	0	708	0	160	-868	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-413	0	0	0	0	-413
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	0	0	0	0	0	0
Derecognition-disposals	0	-97	0	0	-1,874	-1,971
<b>At 31 March 2023</b>	<b>24,590</b>	<b>7,937</b>	<b>326</b>	<b>183</b>	<b>30</b>	<b>33,066</b>
<b>Accumulated Depreciation and Impairment</b>						
<b>At 1 April 2022</b>	<b>0</b>	<b>-5,498</b>	<b>-138</b>	<b>0</b>	<b>0</b>	<b>-5,636</b>
Depreciation charge	-365	-800	-8	0	0	-1,173
Depreciation written out to Revaluation Reserve	365	0	0	0	0	365
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	81	0	0	0	81
<b>At 31 March 2023</b>	<b>0</b>	<b>-6,217</b>	<b>-146</b>	<b>0</b>	<b>0</b>	<b>-6,363</b>
<b>Net Book Value</b>						
<b>At 31 March 2023</b>	<b>24,590</b>	<b>1,720</b>	<b>180</b>	<b>183</b>	<b>30</b>	<b>26,703</b>
<b>At 31 March 2022</b>	<b>25,003</b>	<b>1,384</b>	<b>188</b>	<b>23</b>	<b>1,190</b>	<b>27,788</b>

## 15. Property, Plant and Equipment (continued)

### Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, Plant, Furniture & Equipment – 3 - 10 years
- Photovoltaic Solar Panels – 25 years
- Infrastructure – as estimated by the valuer or Project Officer
- Specialist equipment - as estimated by the valuer or Project Officer

### Capital Commitments

As at 31 March 2024, the council has not entered into any material capital contracts to undertake works on assets that are owned. However, the Council have committed to spend £2.7m in replacing the waste & recycling fleet.

### Effects of Changes in Estimates

In 2023/2024, the council made no changes to its accounting estimates for Property, Plant and Equipment.

### Revaluations

The council appointed Wilks Head and Eve LLP as our external valuers for a 5 year period until 2028. There is also an option to extend the contract by 3 further years. The contract specifies that all Property, Plant and Equipment required to be measured at current value, is revalued annually as at the 31 March. Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Valuation of Vehicles, Plant and Equipment are on a depreciated historic cost basis as a proxy for current value on the basis that they have short useful lives and/or low values.

Assets are assessed at each year-end as to whether there is any indication of impairment. The Council has provided the valuers with information regarding the known condition of the assets as at the 31 March 2024, to inform the valuation process.

Community Assets and Infrastructure Assets are all valued at historic cost. All other Plant, Property and Equipment have been valued in accordance with the following schedule.

	<b>Other Land &amp; £'000</b>	<b>Vehicles, £'000</b>	<b>Community £'000</b>	<b>TOTAL £'000</b>
Carried at historical cost	0	1,945	354	<b>2,299</b>
Valued at current value	24,953	0	0	<b>24,953</b>
<b>Total Cost or Valuation</b>	<b>24,953</b>	<b>1,945</b>	<b>354</b>	<b>27,252</b>

## 16. Investment Properties

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:

2022/2023 £'000		2023/2024 £'000
-3,145	Rental income from investment property	-3,584
8	Direct operating expenses arising from investment property	229
<u>-3,137</u>	<b>Net (gain)/loss</b>	<u>-3,355</u>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. the Council 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:

2022/2023 £'000		2023/2024 £'000
61,553	<b>Balance 1 April</b>	59,938
	<b>Additions:</b>	
0	Purchases	0
	<b>Disposals:</b>	
-1,616	Net gains/losses from fair value adjustments	-162
<u>59,938</u>	<b>Balance 31 March</b>	<u>59,776</u>

### Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at the year end are as follows:

	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (Level 3)	Fair Value as at the 31 March
	£'000	£'000	£'000	£'000
Land	0	1,809	0	1,809
Commercial Units	0	57,628	0	57,628
Other	0	0	339	339
Total as at 31 March 2024	<u>0</u>	<u>59,437</u>	<u>339</u>	<u>59,776</u>

There were no transfers between Levels 1 and 2 during the year.

## Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

### Significant Observable Inputs – Level 2

Land, industrial and retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the locality. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Significant Unobservable Inputs – Level 3

Golf club and sports club land assets have been based on a comparable approach either by estimated market rental values as the majority of these assets are let at sub-market or subsidised passing rents. We have had to draw on a number of our own assumptions and utilised third party resources in order to value these assets. These assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions)

### Highest and Best Use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

### Valuation Techniques

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

### Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

The value of assets categorised within Level 3 as at the 31 March 2024 are £339k (value as at 31 March 2023 was £350k). There has been no change in the assets identified in this category.

### Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	Valuation technique used to measure fair value	Unobservable Inputs	Range	Sensitivity
Golf Club	Comparative based on limited rental evidence	Rental Value	£30 - £50 psm	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
		Yields	10% - 14%	
Sports Club Land	Comparative based on limited rental evidence	Rental Value	£1,000 - £2,000 per pitch	Changes in rental growth, yields, occupancy will result in a lower or higher fair value
		Yields	8% - 12%	

### Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by the Council's external valuer in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

## 17. Financial Instruments

### Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits and government grants, do not give rise to financial instruments.

#### Financial Liabilities

##### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long term loans from the PWLB lending facility
- short term loans from other local authorities
- trade payables and goods and services received

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Long Term				Short Term			
	Borrowing		Creditors		Borrowing		Creditors	
	31/03/2024 £000s	31/03/2023 £000s	31/03/2024 £000s	31/03/2023 £000s	31/03/2024 £000s	31/03/2023 £000s	31/03/2024 £000s	31/03/2023 £000s
Financial liabilities at amortised cost:								
- Principal sum borrowed	19,267	19,800	0	0	533	10,732	0	0
- Trade Creditors	0	0	84	101	0	0	1,402	1,909
- Accrued interest	0	0	0	0	189		0	0
<b>Total financial liabilities</b>	<b>19,267</b>	<b>19,800</b>	<b>84</b>	<b>101</b>	<b>722</b>	<b>10,732</b>	<b>1,402</b>	<b>1,909</b>
Liabilities not defined as financial instruments*	0	0	12,779	2,472	0	0	18,682	20,223
<b>TOTAL</b>	<b>19,267</b>	<b>19,800</b>	<b>12,863</b>	<b>2,573</b>	<b>722</b>	<b>10,732</b>	<b>20,084</b>	<b>22,132</b>

\* Liabilities not defined as financial instruments relates to non-exchange transactions or receipts in advance.

#### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held by the Council during the year are accounted for under the following classifications:

##### 1) Amortised Cost

This is where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow. They comprise of:

- 2) Fair value through other comprehensive income comprising shares in Real Estate Investment Trusts (REITs) held as strategic investments.
- 3) Fair Value through Profit and Loss comprising money market funds, property funds and multi-asset funds managed by external fund managers.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Long Term				Short Term				Cash and Cash Equivalents	
	Investments		Debtors		Investments		Debtors		Equivalents	
	31/03/2024 £000s	31/03/2023 £000s	31/03/2024 £000s	31/03/2023 £000s	31/03/2024 £000s	31/03/2023 £000s	31/03/2024 £000s	31/03/2023 £000s	31/03/2024 £000s	31/03/2023 £000s
Financial assets at amortised cost:										
- Principal	0	2,000	0	0	2,000	18,000	0	0	0	0
- Accrued interest	0	25	0	0	25	127	0	0	0	0
Equity investments at fair value through other comprehensive income	457	448	0	0	0	0	0	0	0	0
At fair value through profit and loss	7,914	7,979	0	0	0	0	0	0	0	0
Trade Debtors	0	0	205	236	0	0	2,070	3,992	0	0
Cash & Cash Equivalents									6,714	566
<b>Total financial assets</b>	<b>8,371</b>	<b>10,452</b>	<b>205</b>	<b>236</b>	<b>2,025</b>	<b>18,127</b>	<b>2,070</b>	<b>3,992</b>	<b>6,714</b>	<b>566</b>
Assets not defined as financial instruments*	0	0	878		0	0	9,318	4,794	0	0
<b>TOTAL</b>	<b>8,371</b>	<b>10,452</b>	<b>1,083</b>	<b>236</b>	<b>2,025</b>	<b>18,127</b>	<b>11,388</b>	<b>8,786</b>	<b>6,714</b>	<b>566</b>

\* Assets not defined as financial instruments relates to non-exchange transactions or payments in advance.

#### **Equity Instruments Elected to Fair Value Through Other Comprehensive Income**

The Council has elected to account for shares in the Fundamentum REIT at fair value through other comprehensive income because they are long term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance. This REIT is a provider of supported housing to registered providers and the Council has an interest in this policy area.

These shares had a fair value of £453,750 at 31st March 2024 (£447,618.60 at 31st March 2023) and paid dividends of £13,571.40 during the 2023/24 financial year (£12,797.60 during the 2022/23 financial year).

### Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities		Financial Assets		2023/24 Total	2022/23 Total
	Amortised Cost	Amortised Cost	Elected to Fair Value through Other Comprehensive Income	Fair Value through Profit & Loss		
	£000s	£000s	£000s	£000s		
Interest expense	416	0	0	0	416	449
Losses from change in fair value	0	0	0	62	62	1,088
<b>Interest payable and similar charges</b>	<b>416</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>478</b>	<b>1,537</b>
Interest income	0	-1,092	0	0	-1,087	-534
Dividend income	0	0	-14	-434	-448	-398
<b>Interest and investment income</b>	<b>0</b>	<b>-1,092</b>	<b>-14</b>	<b>-434</b>	<b>-1,535</b>	<b>-932</b>
<b>Net impact on Surplus/(Deficit) on Provision of Services</b>	<b>416</b>	<b>-1,092</b>	<b>-14</b>	<b>-372</b>	<b>-1,057</b>	<b>605</b>
Impact on Other Comprehensive Income	0	0	-6	0	-6	43
<b>Net gain/(loss) for the year</b>	<b>416</b>	<b>-1,092</b>	<b>-20</b>	<b>-372</b>	<b>-1,063</b>	<b>648</b>

### Financial Instruments - Fair Values

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. A calculation has been made of what their fair values would be by estimating the net present value of the remaining contractual cash flows at 31 March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount

Fair values are shown in the table below, split by their level in the fair value hierarchy:

	Fair Value Level	31/03/2024		31/03/2023	
		Balance Sheet Value	Fair Value	Balance Sheet Value	Fair Value
		£000s	£000s	£000s	£000s
Financial liabilities held at amortised cost: loans from the PWLB lending facility	2	19,267	13,236	19,800	13,538
Liabilities for which fair value is not disclosed *		2,208		12,742	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>21,475</b>		<b>32,542</b>	
Recorded on Balance Sheet as:					
- Short term creditors		1,402		1,909	
- Short term borrowing		722		10,732	
- Long term creditors		84		101	
- Long term borrowing		19,267		19,800	
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>21,475</b>		<b>32,542</b>	

\* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of the loans from the PWLB lending facility are lower than their amortised cost because the market interest rate on similar loans is now higher than the interest paid on these loans.

**Financial Assets - Fair Values**

	Fair Value Level	31/03/2024		31/03/2023	
		Balance Sheet Value	Fair Value	Balance Sheet Value	Fair Value
		£000s	£000s	£000s	£000s
Financial assets held at fair value:					
- Money market funds	1	6,550		1,450	
- Property funds and non-traded REITs	2	3,952		4,088	
- Diversified income funds	1	4,419		4,339	
<b>TOTAL</b>		<b>14,921</b>	<b>14,921</b>	<b>9,877</b>	<b>9,877</b>
Assets for which fair value is not disclosed*		4,464		23,496	
<b>TOTAL FINANCIAL ASSETS</b>		<b>19,385</b>		<b>33,373</b>	
Recorded on Balance Sheet as					
- Cash and cash equivalents		6,714		566	
- Short term debtors		2,070		3,992	
- Short term investments		2,025		18,127	
- Long term debtors		205		236	
- Long term investments		8,371		10,452	
<b>TOTAL FINANCIAL ASSETS</b>		<b>19,385</b>		<b>33,373</b>	

\* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

The fair value of the long term investment in a housing association is lower than its amortised cost because the market interest rate on similar investments is now higher than the interest paid on this investment.

## 18. Short Term Debtors

The balances outstanding at 31 March are summarised as follows:

	2022/2023 £'000	2023/2024 £'000
Local Tax Collection - Government bodies	-30	1,077
Local Tax Collection - Ratepayer Arrears	1,436	1,516
Trade Debtors	1,765	1,813
Other Debtors	4,592	5,844
Prepayments & accrued income	2,708	2,621
<b>Gross Debts</b>	<b>10,471</b>	<b>12,871</b>
less Bad Debt Impairments	-1,684	-1,483
<b>Total Net Debtors</b>	<b>8,787</b>	<b>11,388</b>

## 19. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents at 31 March is made up of the following elements:

	2022/23 £'000	2023/24 £'000
Cash held by the Council	322	329
Bank current accounts	-1,212	-192
Short-term deposits	1,456	6,577
<b>Total Cash and Cash Equivalents</b>	<b>566</b>	<b>6,714</b>

## 20. Short Term Creditors

The balances outstanding at 31 March are summarised as follows:

	2022/2023 £'000	2023/2024 £'000
Local Tax Collection - Precepting/billing authorities	8,830	7,117
Local Tax Collection - Ratepayer Accounts	943	421
Other Taxation	196	219
Trade Creditors	1,909	1,461
Other creditors	6,784	6,724
<b>Total</b>	<b>18,662</b>	<b>15,942</b>

## 21. Provisions

### 21.1 Short Term Provisions

	Outstanding Legal Cases	Business Rate Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2023</b>	<b>760</b>	<b>2,641</b>	<b>69</b>	<b>3,470</b>
Additional provisions made	295	2,139	47	<b>2,481</b>
Amounts used	-183	-1,284	-28	<b>-1,495</b>
Unused amounts reversed	-299	0	-15	<b>-314</b>
<b>Balance at 31 March 2024</b>	<b>573</b>	<b>3,496</b>	<b>73</b>	<b>4,142</b>

### 21.2 Long Term Provisions

	Outstanding Legal Cases	Business Rate Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2023</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>16</b>
Additional provisions made	0	0	24	<b>24</b>
<b>Balance at 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>40</b>	<b>40</b>

#### Description of main provisions

##### Outstanding Legal Cases

There are a number of planning appeals which are subject to appeal and which are yet to be determined, these provisions amount to £256k.

Prosecution of Morrisons which resulted in a challenge to the decision, total provision to date stands at £143k.

We have a number of other cases/matters which remain unresolved and a provision has been made in the sum of £133k.

##### Other Provisions

There is a provision relating to the administration of Municipal Mutual Insurance which went into administration in 1992. Following the ruling of the supreme court in relation to mesothelioma claims the MMI scheme administrators have made an initial clawback of 15% (£23,958) and a subsequent clawback of a further 10% as there will not be a solvent run off of the company. Since there may be further clawback in the future £15,967 (10%) has been set aside as a long term provision to cover this possibility. This will be kept under review as further information becomes available.

There is a provision of £3,496k at the 31 March 2024 relating to business rate appeals.

There is a provision of £50k which is to cover anticipated legal costs as part of the Councils statutory responsibility to investigate a Health & Safety at work accident within Tewkesbury Borough business premises.

## 22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement, The Expenditure and Funding Analysis (note 5), the Adjustments between the Accounting Basis and Funding Basis (note 10) and Movement in Earmarked Reserves (note 11).

## 23. Unusable Reserves

### 23.1 Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment, Heritage Assets and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

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

<b>2022/2023</b> <b>£'000</b> <b>restated</b>		<b>2023/2024</b> <b>£'000</b>
<b>9,325</b>	<b>Balance at 1 April</b>	<b>9,186</b>
-36	Upward revaluation of assets & reversal of previous impairment losses	183
-103	Difference between fair value depreciation and historical cost depreciation	-97
<hr/> <b>9,186</b> <hr/> <hr/>	<b>Balance at 31 March</b>	<hr/> <b>9,272</b> <hr/> <hr/>

## 23.2 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 Council 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 Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

<b>Capital Adjustment Account</b>		
<b>2022/2023</b>		<b>2023/2024</b>
<b>£'000</b>		<b>£'000</b>
<b>26,015</b>	<b>Balance at 1 April</b>	<b>24,336</b>
<b><i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</i></b>		
-3,047	Charges for depreciation and impairment of non-current assets	-745
-43	Amortisation of intangible assets	-28
-749	Revenue expenditure funded from capital under statute	-2,493
103	Adjusting amounts written out of the Revaluation Reserve	118
-16	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-180
<b><i>Capital financing applied in the year:</i></b>		
162	Use of the Capital Receipts Reserve to finance new capital expenditure	518
1,766	Application of grants to capital financing from the Capital Grants Unapplied Account	3,005
927	Statutory provision for the financing of capital investment charged against the General Fund	949
846	Capital expenditure charged against the General Fund	758
-1,628	Movements in the market value of Investment and donated properties debited or credited to the Comprehensive Income and Expenditure Statement	-677
<b>24,336</b>	<b>Balance at 31 March</b>	<b>25,561</b>

### 23.3 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council 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 Council makes employer's contributions to pension funds or eventually pay 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 Council 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.

2022/2023 £'000		2023/2024 £'000
-28,035	<b>Balance at 1 April</b>	-3,196
26,316	Remeasurements of the net defined benefit liability/(asset)	-11,221
-4,244	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	-1,999
2,767	Employer's pensions contributions and direct payments to pensioners payable in the year	3,897
<u>-3,196</u>	<b>Balance at 31 March</b>	<u>-12,519</u>

### 23.4 Collection Fund Adjustment Account

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

2022/2023 £'000		2023/2024 £'000
-651	<b>Balance at 1 April</b>	2,035
2,686	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	-664
<u>2,035</u>	<b>Balance at 31 March</b>	<u>1,371</u>

### 23.5 Pooled Investment Funds Adjustment Account

The pooled investments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to pooled investments and for bearing losses or benefiting from gains per statutory provisions.

2022/2023 £'000		2023/2024 £'000
74	<b>Balance at 1 April</b>	-1,014
0	Fair value gain on financial instruments	0
-1,088	Fair value losses on financial instruments	-62
<u>-1,014</u>	<b>Balance at 31 March</b>	<u>-1,076</u>

### 23.6 Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- i) revalued downwards or impaired and the gains are lost
- ii) disposed of and the gains are realised.

2022/2023 £'000		2023/2024 £'000
-10	<b>Balance at 1 April</b>	-52
-42	Fair value losses on financial instruments	0
0	Fair value gains on financial instruments	6
<u>-52</u>	<b>Balance at 31 March</b>	<u>-46</u>

### 23.7 Short Term Compensated Absences Account

The Short Term Compensated 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 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account. Since the beginning of the COVID-19 pandemic, annual leave and flexi-leave increased significantly due to a surge in workload pressures. Therefore, the existing calculation needed to be reviewed and amended accordingly. This resulted in the short term absences account becoming material.

2022/2023 £'000		2023/2024 £'000
-1,961	<b>Balance at 1 April</b>	-2,150
-128	Annual Leave Accrual	-484
-61	Flexi Leave Accrual	103
<u>-2,150</u>	<b>Balance at 31 March</b>	<u>-2,531</u>

## 24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2022/2023 £'000	Specific Inflows	2023/2024 £'000
390	Interest received	1,198
-436	Interest paid	-426
393	Dividends received	438
<u>347</u>		<u>1,210</u>

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

2022/2023 £'000		2023/2024 £'000
1,173	Depreciation	748
1,886	Impairment & downward valuations	513
43	Amortisation	28
-3,489	Change in creditors	-336
1,031	Change in debtors	-2,405
1,540	Movement in pension liability	-944
16	Carrying Amount of non-current assets sold	180
1,732	Other non-cash items charged to the net surplus or deficit on the provision of services	919
<u>3,932</u>		<u>-1,297</u>

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

2022/2023 £'000		2023/2024 £'000
53,000	Proceeds from short term and long term investments	38,000
-429	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-163
-4,063	Any other items which cash effects are investing or financing cash flows	-6,183
<u>48,508</u>	<b>Net cash flows from operating activities</b>	<u>31,654</u>

## 25. Cash Flow Statement – Investing Activities

2022/2023 £'000		2023/2024 £'000
-2,366	Purchase of property, plant and equipment, investment property and	-2,292
-62,000	Purchase of short-term and long-term investments	-20,000
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,684
-615	Proceeds from short-term and long-term investments	0
6,762	Other Receipts from Investing activities	4,860
<b><u>-58,219</u></b>	<b>Net cash flows from investing activities</b>	<b><u>-15,748</u></b>

## 26. Cash Flow Statement – Financing Activities

2022/2023 £'000		2023/2024 £'000
10,000	Cash receipts of short and long-term borrowing	0
-13,533	Repayments of short and long-term borrowing	-10,533
-1,679	Other payments for financing activities	-2,371
<b><u>-5,212</u></b>	<b>Net cash flows from financing activities</b>	<b><u>-12,904</u></b>

## 27. Members' Allowances

The allowances paid under The Local Authorities (Members' Allowances) Amendment Regulations were as follows:

	2022/23 £'000	2023/24 £'000
Allowances	350	354
Mileage & Subsistence	3	4
<b>Total Reimbursement</b>	<b><u>353</u></b>	<b><u>358</u></b>

The above figures include a basic allowance for each member of £7,650.

## 28. Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

Post Title	Note	Year	Salary, Fees and Allowances £'000	Expense Allowances £'000	Compensation for loss of Office £'000	Pension Contributions £'000	Total Remuneration £'000
<b>Current Posts</b>							
Chief Executive		2023/2024	118	1	0	25	144
	<b>1a</b>	2022/2023	98	0	0	19	117
	<b>1b</b>	2022/2023	38	0	0	0	38
Borough Solicitor	<b>2</b>	2023/2024	43	0	2	5	50
		2022/2023	98	0	56	21	175
Section 151 Officer (Chief Finance Officer)		2023/2024	97	0	0	19	116
		2022/2023	86	0	0	17	103
Head of Community Services (deleted 31 March 2023)	<b>2</b>	2023/2024	0	0	0	0	0
		2022/2023	78	0	0	15	93
Head of Development Services (deleted 2 July 2023)	<b>2</b>	2023/2024	26	0	0	4	30
		2022/2023	78	0	35	15	128
Head of Corporate Services (deleted 31 March 2023)	<b>2</b>	2023/2024	0	0	0	0	0
		2022/2023	78	0	0	15	93
Director of One Legal		2023/2024	108	0	0	22	130
		2022/2023	108	0	0	22	130
Garden Town Programme Director	<b>2</b>	2023/2024	0	0	0	0	0
		2022/2023	81	0	0	16	97
Head of Democratic Services	<b>2</b>	2023/2024	34	0	1	6	41
		2022/2023	81	0	41	74	196
Director of Corporate Resources	<b>3</b>	2023/2024	83	0	0	16	99
		2022/2023	0	0	0	0	0
Executive Director of Place	<b>4</b>	2023/2024	51	0	0	10	61
		2022/2023	0	0	0	0	0
Associate Director - Transformation	<b>3</b>	2023/2024	53	1	0	12	66
		2022/2023	0	0	0	0	0

Director - Digital and Organisational Change	3	2023/2024	11	0	0	3	14
		2022/2023	0	0	0	0	0
Associate Director - People, Culture and Performance (1 April 2023 - 4 June 2023)	5	2023/2024	14	0	0	2	16
Associate Director - People, Culture and Performance (29 August 2023 - 31 January 2024)		2023/2024	33	0	28	7	68
Associate Director - People, Culture and Performance		2022/2023	0	0	0	0	0
Monitoring Officer	6	2023/2024	39	0	0	8	47
		2022/2023	0	0	0	0	0
<b>Total</b>		<b>2023/2024</b>	<b>710</b>	<b>2</b>	<b>31</b>	<b>139</b>	<b>882</b>
		<b>2022/2023</b>	<b>824</b>	<b>0</b>	<b>132</b>	<b>214</b>	<b>1,170</b>

#### Notes

1. The Chief Executive left the authority on 12/06/2022 (1a). The new Chief Executive started on 13/06/2022 (1b).
2. All posts were removed from establishment as part of a restructure in 2023/24
3. Posts created during restructure of establishment from 1 April 2023. A subsequent structure change deleted the Associate Director: Transformation on 31 January 2024 and the Director of Digital and Organisational Change was created on 1 February 2024.
4. The post holder started in October 2023 and reports directly to the Chief Executive.
5. Two post holders occupied this post during the year. The first resigned and left the organisation in June 2023. The authority terminated the other employees contact on 31st January 2024, incurring liabilities of £28k.
6. Monitoring Officer previously led by Borough Solicitor, hence no costs for the statutory post in 2022/23

The Council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts.

Remuneration Band	Number of Employees	
	2022/2023	2023/2024
	<b>Total</b>	<b>Total</b>
£50,000 - £54,999	6	8
£55,000 - £59,999	5	5
£60,000 - £64,999	2	4
£65,000 - £69,999	1	4
£70,000 - £74,999	0	3
£75,000 - £79,999	1	0
£80,000 - £84,999	0	4
	<b>15</b>	<b>28</b>

The numbers of exit packages including senior employees with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024
£							£'000	£'000
<b>0 - 20,000</b>	0	4	0	1	0	5	0	29
<b>20,001 - 40,000</b>	0	0	1	1	1	1	35	28
<b>40,001 - 60,000</b>	1	0	0	0	1	0	58	0
<b>60,001 - 80,000</b>	0	0	0	0	0	0	0	0
<b>80,001 -100,000</b>	1	0	0	0	1	0	99	0
<b>Total cost included in bandings and in the CIES</b>	<b>2</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>6</b>	<b>192</b>	<b>57</b>

### Redundancies

There were 4 redundancies in 2023/24 totalling £18k. Three of those redundancies related to the closure of the Winchcombe TIC and the other related to the cessation of the trade waste service.

### Termination Benefits

Two termination packages have been agreed and paid during the 2023/24 Financial year. The total cost of £39k has been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

## 29. Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	2022/2023 £'000	2023/2024 £'000
Fees payable with regard to external audit services carried out by the appointed auditor.	62	0
Fees payable with regard to external audit services carried out by the appointed auditor.	0	135
Fees payable for the certification of grant claims and returns.	35	0
Fees payable for the certification of grant claims and returns.	0	36
	<u>97</u>	<u>171</u>

## 30. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement

	2022/2023 £'000	2023/2024 £'000
<b>Credited to Taxation and Non Specific Grant Income</b>		
S.31 Grants & Contributions (supporting the NDR regime)	-4,229	-5,283
Revenue Support Grant	-24	-158
Lower Tier Service Grant	-1,308	0
Funding Guarantee	0	-1,774
New Homes Bonus Grant	-1,633	-1,240
Other Grants	-185	-102
	<u>-7,379</u>	<u>-8,557</u>
<b>Capital Grants</b>		
Disabled Facilities Grants	-800	-828
Ashchurch Bridge - Housing Infrastructure Grant	-792	0
DLUHC - Housing Prosperity Fund	-422	-985
Decarbonisation Scheme - Salix	0	-708
Other Capital Grants	-65	-113
	<u>-2,079</u>	<u>-2,634</u>
<b>Total</b>	<u><b>-9,458</b></u>	<u><b>-11,191</b></u>

## Grants Credited to Services

	2022/2023 £'000	2023/2024 £'000
Council tax rebate grant - discretionary	-152	0
Local Taxation Administration Grants	-209	-249
Planning Related Grants	-360	-100
Garden Towns	-1,500	-394
Flooding Support Grant	0	-227
Homelessness Grants	-250	-392
Housing Benefit Administration & Associated Grants	-171	-166
Housing Benefit Grant	-11,000	-11,169
Discretionary Housing Payments Subsidy	-67	-70
Police and Crime Commissioner Elections	0	-174
Other Election Grants	0	-36
Other Grants	0	-8
Other Government Grants	-993	-1,375
<b>Contributions Credited to Services</b>		
Strategic Local Plan (formerly Joint Core Strategy)	-150	-500
Other Contributions from Other bodies	-289	-448
Contributions in relation to S.106 agreements	-2,309	-1,827
<b>Total</b>	<b>-17,450</b>	<b>-17,135</b>
<b>Agency Grants - not credited to services</b>		
Council tax rebate grant - mandatory	-4,602	0
Homelessness Grant	-293	-304
Energy Bills Support Scheme Grant	-686	0
Other Government Grants	-224	-75
	<b>-5,805</b>	<b>-379</b>
<b>Grand Total</b>	<b>-37,713</b>	<b>-28,705</b>

### **31. Related Party Transactions**

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Council 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 Council.

#### **Central Government**

The UK Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 30.

#### **Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/2024 is shown in Note 27. Details of transactions involving Members of the Council are recorded in the Register of Members' Interest, which is open to public inspection. All contracts and payments were made in accordance with the Council's contract procedure rules.

Any grants paid to organisations were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants.

Declarations made involving material financial transactions are listed below:

The Borough Council collects precepts on behalf of Gloucestershire County Council, Gloucestershire Police Authority and the Town and Parish Councils within the Borough area.

Precepts for the County and the Police Authority are shown in the Collection Fund. Total of precepts paid to parishes are shown in the Comprehensive Income and Expenditure Account on page 3.

In addition to council tax and business rate precepts, the Council also made payments of £663k for both grants and services to Gloucestershire County Council. 6 Borough Council members also declared a relationship with the County Council during 2023/2024.

The Council provides grant funding which is available to parish councils. Many borough councillors are also parish council representatives or have a relationship with the Council that they have declared. Below is an analysis of significant funding awards made to parish councils during 2023/2024.

		<b>No. of Members</b>	<b>Payments other than precepts £'000</b>	<b>Income 2023/24 £'000</b>
Parish Councils:	Bishops Cleeve	2	246	0
	Brockworth	4	148	0
	Churchdown	7	10	0
	Deerhurst	1	6	0
	Highnam	1	27	0
	Hucclecote	1	0	0
	Northway	2	20	0
	Tewkesbury	4	103	2
	Winchcombe	3	58	24
	Woodmancote	2	23	0

### General Related Parties

Consideration has been given to whether individual members have any personal (including familial) relationships with other entities that the Council has had transactions with during the financial year.

Individual Borough Councillors declared the following significant related parties to the Executive Director: Resources & S151 Officer

<b>Related Party</b>	<b>No. of Members</b>	<b>Payments 2023/2024 £'000</b>	<b>Income 2023/24 £'000</b>
Brockworth Link	2	4	0
Cotswold AONB (Cotswold Conservation Board)	2	6	0
Gloucestershire Airport	2	1	3
Priors Park Neighbourhood Project	1	5	0
Roses Theatre	2	7	0
Tewkesbury Nature Reserve	2	1	0
WAM Youth	1	12	0

Related party declarations were also made for Churchdown Community Association (1), Churchdown Methodist Church (1), Cleeve Common Board of Conservators (2), Community Connexions (1), Horsford Trust (6), Northway Food Pantry (1), Northway Youth Club (1), Tewkesbury Friends of the Earth (1) and University of Gloucestershire (1) however no payments were made to these organisations in the year.

### Chief Executive

Tewkesbury Borough Council is a shareholder of UBICO Ltd. The Chief Executive represents the Council's interests in the company, but has no personal relation with the entity. The council made payments of £7M to UBICO Ltd for contract services during 2023/2024. Tewkesbury Borough Council only had one outstanding balance with a related party organisation at 31st March 2024. This was £136k due to Ubico for waste contract services.

In addition, the Chief Executive declared an interest in the following organisations:

- Chair of the Tewkesbury Integrated Locality Partnership
- Vice Chair of the Gloucestershire Health and Wellbeing Partnership
- Leadership Gloucestershire and Gloucestershire City Region Board officer representative

There were no financial transactions with any of these organisations during the financial year.

### 32. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2022/2023 £'000	Restatement 2022/2023 £'000	2023/2024 £'000
<b>Opening Capital Financing Requirement</b>	<b>54,472</b>	<b>54,472</b>	<b>53,545</b>
<b>Capital Investment</b>			
Property Plant & Equipment	2,026	2,026	1,787
Investment Asset	0	0	0
Intangible assets	0	0	0
Revenue Expenditure Funded from Capital Under Statute	748	748	2,493
	<u>2,774</u>	<u>2,774</u>	<u>4,280</u>
<b>Sources of finance</b>			
Capital receipts	-162	-162	-518
Government grants and other contributions	-1,766	-1,766	-3,005
<b>Sums set aside from revenue:</b>			
Direct Revenue Contributions	-846	-846	-758
Minimum Revenue Provision	927	-927	-949
	<u>-1,847</u>	<u>-3,701</u>	<u>-5,230</u>
<b>Closing Capital Financing Requirement</b>	<b><u>55,398</u></b>	<b><u>53,545</u></b>	<b><u>52,595</u></b>
<b>Explanation of movements in year</b>			
Increase in underlying need to borrowing (unsupported by Government financial assistance)	926	-927	-949
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b><u>926</u></b>	<b><u>-927</u></b>	<b><u>-949</u></b>

The prior year figures contained an error in reporting the minimum revenue provision, this has no effect on the figures contained in the financial statements.

### 33. Leases

#### The Council as Lessee

##### *Operating Leases*

The Council has a number of operating leases. The primary leases involved are:

Land            Land for Bishops Walk Car Park

The future minimum lease payments due under leases in future years are:

	<b>2022/2023</b> <b>£'000</b>	<b>2023/2024</b> <b>£'000</b>
Not later than one year	13	59
Later than one year and not later than five years	0	230
Later than five years	0	244
	<u><b>13</b></u>	<u><b>533</b></u>

The minimum lease payments do not include rents that are contingent on events yet to take place after the lease was entered into, such as future rent reviews.

The expenditure charged to the Comprehensive Income & Expenditure Account during the year in relation to these leases was:

	<b>2022/2023</b> <b>£'000</b>	<b>2023/2024</b> <b>£'000</b>
Minimum Lease Payments	52	60
	<u><b>52</b></u>	<u><b>60</b></u>

#### The Council as Lessor

The Council leases out land and buildings under operating leases for the following purposes:

- For the provision of community services such as sports facilities, recreational, cultural and holiday facilities. The primary examples are:

The Roses Theatre  
Holiday Caravan Site  
Bowling Club & Green  
Land for Cricket & Rugby Clubs

- For income generation purposes

A commercial office and Industrial Unit, Challenge House in Ashchurch near Tewkesbury  
Two commercial industrial Units at Clevedon, Somerset  
Rental of office space within the Council Offices

Golf Clubhouse & Car Parking  
 Residential Office, The Chase, Hertfordshire  
 Industrial Unit in Trowbridge  
 Industrial Units, SPL International, Ellesmere Port  
 Commercial Unit in Walton on the Naze  
 Commercial Unit in Leamington Spa  
 Industrial Units in Vaughan Park, Tipton  
 Car showroom in Crawley

The future minimum lease receipts due in future years are:

	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	3,608	2,838
Later than one year and not later than five years	8,349	6,188
Later than five years	7,996	7,113
	<b><u>19,953</u></b>	<b><u>16,139</u></b>

As at 31st March 2024 all break clauses have been reflected in future lease receipts. Therefore, any receipts due between the break clause and lease end date have not been recognised.

The council has lost a tenant occupying Unit 2 at Vaughan Park, Tipton as a result of which, rental income in the financial year 2023/24 was reduced by £22k. The existing long term leases have one year less left to run than last year, so the total rent due over the term of the leases will be lower. As at 31st March 2024, eight lease agreements were affected by break clauses or lease agreement expiry due in the financial year 2024/25, which resulted in a reduction of rental income projection for the period of no later than one year by £713k and a nil rental income projections thereafter.

There are no contingent rents received in the year.

## 34. Defined Benefit Pension Schemes

### 34.1 Participation in Pension Schemes

Employees of Tewkesbury Borough Council are admitted to the Gloucestershire County Council Pension Fund (“the Fund”), which is administered by Gloucestershire County Council under the Regulations governing the Local Government Pension Scheme, a defined benefit scheme. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make payments that needs to be disclosed at the time that employees earn their future entitlement.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

### 34.2 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 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:

<b>a). Comprehensive Income and Expenditure Statement</b>	<b>2022/2023 (Restated)</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cost of Services:</b>		
- Current service cost	3,478	1,763
- Past service cost	0	153
<b>Financing and Investment Income and Expenditure</b>		
- Net interest expense	766	83
<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>4,244</b>	<b>1,999</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
- Return on plan assets (excluding the amount included in the net interest expense)	3,234	-4,577
- Actuarial gains and losses arising on changes in demographic assumptions	-1,754	-428
- Actuarial gains and losses arising on changes in financial assumptions	-36,604	-4,218
- Other	8,808	20,444
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>-26,316</b>	<b>11,221</b>
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>-22,072</b>	<b>13,220</b>

The prior year figures contained an error in reporting the total post employment benefit charged to the Comprehensive Income and Expenditure Statement. This has no effect on the figures contained in the financial statements.

<b>b). Movement in Reserves Statement</b>	<b>2022/2023 £'000</b>	<b>2023/2024 £'000</b>
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-4,244	-1,999
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
- Employer's contributions payable to scheme	2,767	2,943

### **34.3 Pensions Assets and Liabilities Recognised in the Balance Sheet**

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

	<b>2022/2023 Restated £'000</b>	<b>2023/2024 £'000</b>
Present value of the defined benefit obligation	72,104	72,877
Fair value of plan assets	-69,862	-78,578
Expected net asset once agreed past service contributions are paid	954	18,220
<b>Net liability arising from defined benefit obligation</b>	<b><u>3,196</u></b>	<b><u>12,519</u></b>
<b>Comprised of:</b>		
<b>Present value of funded obligations</b>	<b>2,173</b>	<b>11,550</b>
<b>Present value of unfunded obligations</b>	<b>1,023</b>	<b>969</b>

Effect of the asset ceiling on the Council's net liability position.

According to IAS19 Paragraph 8 "The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan." In line with now established LGPS audit and practitioner views, the asset ceiling calculations do not take account of Council's unfunded benefits. The asset ceiling has been calculated as the net total of the net asset position, present value of agreed past service contributions and economic benefit available as a reduction in future contributions. As a local authority we do not have access to any kind of refund, but can only achieve an economic benefit through a reduction in future contributions.

	<b>2022/2023</b> <b>Restated</b> <b>£'000</b>	<b>2023/2024</b> <b>£'000</b>
<b>Funded obligations only</b>		
Net Asset (unadjusted)	-1,219	6,670
Expected net asset once agreed past service contributions are paid	-954	-18,220
<b>Net Asset/Liability</b>	<b><u>-2,173</u></b>	<b><u>-11,550</u></b>

#### 34.4 Reconciliation of the Movements in Fair Value of the Scheme Assets:

	<b>2022/2023</b> <b>£'000</b>	<b>2023/2024</b> <b>£'000</b>
<b>Opening fair value of scheme assets at 1 April</b>	<b>70,875</b>	<b>69,862</b>
Interest income	1,921	3,337
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in	-3,234	4,577
- Other (if applicable)	-316	0
Contributions from employer	2,694	2,943
Contributions from employees into the scheme	509	577
Benefits paid	-2,587	-2,718
<b>Closing fair value of scheme assets at 31 March</b>	<b><u>69,862</u></b>	<b><u>78,578</u></b>

#### 34.5 Reconciliation of Present Value of the Scheme Liabilities:

	<b>2022/2023</b> <b>£'000</b>	<b>2023/2024</b> <b>£'000</b>
<b>Opening balance at 1 April</b>	<b>98,910</b>	<b>72,104</b>
Current service cost	3,478	1,763
Interest cost	2,687	3,420
Contributions from scheme participants	509	577
Remeasurement gain/(loss):		
- Actuarial gains/losses arising from changes in demographic	-1,754	-428
- Actuarial gains/losses arising from changes in financial	-36,604	-4,218
- Other	7,538	2,224
Past Service Cost	0	153
Benefits paid	-2,660	-2,718
<b>Closing balance at 31 March</b>	<b><u>72,104</u></b>	<b><u>72,877</u></b>

### 34.6 Local Government Pension Scheme assets comprised:

Asset category	Period Ended 31 March 2023				Period Ended 31 March 2024			
	Quoted prices in active markets £'000	Unquoted prices £'000	Total £'000	% of Total Assets	Quoted prices in active markets £'000	Unquoted prices £'000	Total £'000	% of Total Assets
Equity Securities	0	0	0	0%	0	0	0	0%
Debt Securities	0	0	0	0%	0	0	0	0%
Private Equity	0	1,330	1,330	2%	0	1,880	1,880	2%
Real Estate	2,450	3,438	5,888	8%	2,840	3,538	6,377	8%
Investment Funds and Unit Trusts	4,467	57,509	61,976	89%	5,755	62,552	68,307	87%
Derivatives	-	0	-	0%	77	0	77	0%
Cash and	668	0	668	1%	1,937	0	1,937	2%
<b>Totals</b>	<b>7,585</b>	<b>62,277</b>	<b>69,862</b>	<b>100%</b>	<b>10,609</b>	<b>67,969</b>	<b>78,578</b>	<b>100%</b>

### 34.7 Basis for Estimating Assets and Liabilities

An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The figures disclosed below have been derived by suitable approximation methods from the full actuarial valuation of the Fund carried out by Hymans Robertson LLP as at 31 March 2024. The next formal valuation will be as at 31 March 2025.

The significant assumptions used by the actuary have been:

	<b>2022/2023</b>	<b>2023/2024</b>
<b>Indicative default assumptions</b>		
Duration category		
Short	3.00%	2.80%
Medium	2.95%	2.75%
Long	2.95%	2.75%
<b>Mortality assumptions:</b>		
Longevity at 65 for current pensioners:		
• Men	21.9	21.7
• Women	24.5	24.3
Longevity at 65 for future pensioners:		
• Men	22.8	22.6
• Women	26.2	25.9
<b>Rate of increase in salaries</b>	3.45%	3.25%
<b>Rate of increase in pensions</b>	2.95%	2.75%
<b>Rate for discounting scheme liabilities</b>	4.75%	4.85%

### **34.8 Commutation**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

### **34.9 Impact on the Council's cash flows**

The objectives of the scheme are to keep employer's contributions at a stable, affordable rate whilst ensuring the solvency of the fund at the same time. The County Council has agreed a strategy with the scheme's actuary to cap the employer contribution rate for 3 years, until the next triennial valuation in 2025, with a reducing monetary amount to stabilise the payments.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority expects to pay £2.696m contributions to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation for scheme members is 18 years.

### **35.1 Contingent Liabilities**

We have recognised income received from Morrisons Plc in relation to a health and safety case, this was a reimbursement of legal fees and administration costs relating to the court case. Morrisons were unsuccessful in their appeal to the Court of Appeal and the Council have to wait 28 days to see if Morrisons intend to pursue the case further to the Supreme Court. The Council would be obligated to repay the reimbursement of £358k if they were successful at the Supreme Court.

Thurrock Borough Council are taking legal action against APSE, claiming that they provided them with an inaccurate valuation, leading to significant financial losses.

Tewkesbury Borough Council are a member of APSE and believe there is no precedent where a Local Authority issues proceedings against a member organisations made up of other local authorities.

This could result in an unknown amount of legal costs for Tewkesbury Borough Council, which at this early stage cannot be quantified.

All monies relating to s106 agreements are held in the Council's reserves. When signing the s106 agreement the Council is agreeing to comply to all the clauses within the specified date. If there is a remaining balance after the expiration date then the developer can request the unspent monies. This outcome is extremely unlikely because the Council has every intention of satisfying all obligations within the agreement. It would not be possible to calculate the potential reclaim to developers.

### **35.2 Contingent Assets**

The council have no contingent assets in 2023/24.

### **Note 36. Nature and extent of risks arising from financial instruments**

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government (now renamed the Department for Levelling Up, Housing and Local Government) Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The Council's activities expose it to a variety of financial risks:

- Credit risk - The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- Liquidity risk - The possibility that the Council might not have the cash available to make contracted payments on time.
- Market risk - The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

#### **Credit Risk:**

The Council is exposed to credit risk from £17,110,000 of treasury investments on 31st March 2024 (£29,145,000 on 31st March 2023) and £2,275,000 of trade receivables on 31st March 2024 (£4,228,000 on 31st March 2023).

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £2m (with the exception of the CCLA Property fund which has a £4m limit forming part of a balanced pooled fund portfolio) is placed on the amount of money that can be invested with a single counterparty (note that the Council can place unlimited funds with UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £1m applies. The Council also sets limits on investments in certain sectors. No more than £6m in total can be invested for a period longer than one year.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating:

Credit Rating	31/03/2024			31/03/2023		
	Long Term	Short Term	Cash and Cash Equivalents	Long Term	Short Term	Cash and Cash Equivalents
	£000s	£000s	£000s	£000s	£000s	£000s
AAA	0	0	6,576	0	0	1,456
A-	0	2,025	0	2,000	0	0
Unrated local authorities	0	0	0	0	18,000	0
<b>Total</b>	<b>0</b>	<b>2,025</b>	<b>6,576</b>	<b>2,000</b>	<b>18,000</b>	<b>1,456</b>
Credit risk not applicable*	8,371	0	0	8,427		0
<b>Total investments</b>	<b>8,371</b>	<b>2,025</b>	<b>6,576</b>	<b>10,427</b>	<b>18,000</b>	<b>1,456</b>

\* Credit risk is not applicable to shareholdings in unrated strategic pooled funds where the Council has no contractual right to receive any particular sum of money.

The following analysis summarises the Council's trade receivables by due date. Only those receivables meeting the definition of a financial asset are included:

	Loss Allowance Calculation	31/03/2024	31/03/2023
	%	£000s	£000s
One to three months	5	54	7
Three to six months	10	66	9
Six months to one year	15	8	202
More than one year	Greater than 20	55	164
<b>TOTAL</b>		<b>183</b>	<b>382</b>

Loss allowances on trade receivables have been calculated by reference to the Council's historic experience of default. The Council calculates the loss allowance using the percentage shown in the table above.

## Liquidity Risk

The Council has ready access to borrowing at favourable rates from the PWLB lending facility and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The Council holds £6,714,000 of liquid financial assets at 31st March 2024 (£22,909,000 at 31st March 2023) that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

The maturity analysis of financial liabilities is as follows, shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payments) figures:

31/03/2024	Principal Plus Accrued Interest						
	Less Than 1 Year	1-2 Years	2-5 Years	5-10 Years	10-20 Years	20-40 Years	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Borrowing	722	533	1,600	2,667	467	14,000	<b>19,989</b>
Trade payables	1,461	0	0	0	0	0	<b>1,461</b>
<b>Financial liabilities</b>	<b>2,183</b>	<b>533</b>	<b>1,600</b>	<b>2,667</b>	<b>467</b>	<b>14,000</b>	<b>21,450</b>
Liquid financial assets	-6,714	0	0	0	0	0	<b>-6,714</b>
<b>Net liquidity risk</b>	<b>-4,531</b>	<b>533</b>	<b>1,600</b>	<b>2,667</b>	<b>467</b>	<b>14,000</b>	<b>14,736</b>

31/03/2023	Principal Plus Accrued Interest						
	Less Than 1 Year	1-2 Years	2-5 Years	5-10 Years	10-20 Years	20-40 Years	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Borrowing	10,732	533	1,600	2,667	1,000	14,000	<b>30,532</b>
Trade payables	1,494	0	0	0	0	0	<b>1,494</b>
<b>Financial liabilities</b>	<b>12,226</b>	<b>533</b>	<b>1,600</b>	<b>2,667</b>	<b>1,000</b>	<b>14,000</b>	<b>32,026</b>
Liquid financial assets	-22,700	-2,101	-135	-25	0	0	<b>-24,961</b>
<b>Net liquidity risk</b>	<b>-10,474</b>	<b>-1,568</b>	<b>1,465</b>	<b>2,642</b>	<b>1,000</b>	<b>14,000</b>	<b>7,065</b>

31/03/2024	Principal Plus Future Accrued Interest						
	Less Than 1 Year	1-2 Years	2-5 Years	5-10 Years	10-20 Years	20-40 Years	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Borrowing	942	935	2,763	4,463	3,799	18,860	<b>31,762</b>
Trade payables	1,461	0	0	0	0	0	<b>1,461</b>
<b>Financial liabilities</b>	<b>2,403</b>	<b>935</b>	<b>2,763</b>	<b>4,463</b>	<b>3,799</b>	<b>18,860</b>	<b>33,223</b>
Liquid financial assets	-6,714	0	0	0	0	0	<b>-6,714</b>
<b>Net liquidity risk</b>	<b>-4,311</b>	<b>935</b>	<b>2,763</b>	<b>4,463</b>	<b>3,799</b>	<b>18,860</b>	<b>26,509</b>

31/03/2023	Principal Plus Future Accrued Interest						
	Less Than 1 Year	1-2 Years	2-5 Years	5-10 Years	10-20 Years	20-40 Years	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Borrowing	11,148	942	2,784	4,499	4,345	19,155	<b>42,873</b>
Trade payables	1,494	0	0	0	0	0	<b>1,494</b>
<b>Financial liabilities</b>	<b>12,642</b>	<b>942</b>	<b>2,784</b>	<b>4,499</b>	<b>4,345</b>	<b>19,155</b>	<b>44,367</b>
Liquid financial assets	-22,909	-2,256	-135	-25	0	0	<b>-25,325</b>
<b>Net liquidity risk</b>	<b>-10,267</b>	<b>-1,314</b>	<b>2,649</b>	<b>4,474</b>	<b>4,345</b>	<b>19,155</b>	<b>19,042</b>

### **Market Risks: Interest rate risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowings at fixed rates - the fair value of the liabilities will fall
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates - the fair value of the assets will fall

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. 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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

Borrowings are not carried at fair value, 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 will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund balance.

The Council has a number of strategies for managing interest rate risk. Policy is to aim to manage its exposure to fluctuations in interest rates with a view to containing interest costs, or securing interest revenues, in accordance with the amounts set in its budgetary arrangements.

The Treasury Management Officer has a benchmark of the level of investment income they aim to achieve within a year and this is monitored on a monthly basis. The Officer regularly calculates the anticipated level of interest receivable in the year (and future years) based on current interest rate estimates.

The majority of the Council's debt is long term and at a fixed rate of interest, however the majority of the Council's investments are on a short term basis meaning that investment income would be impacted by changes to interest rates.

Overall if interest rates rose by 1% the impact on the Council's Surplus or Deficit on the Provision of Services would be expected to be an additional cost of around £62,000. If interest rates fell by 1% additional income of approximately the same amount would be expected.

Further detail on the impact of a 1% rate rise on the Council is given in the table below:

	31/03/2024
	£000s
Increase in interest payable on variable rate borrowings	2
Increase in interest receivable on variable rate investments	-12
Decrease in fair value of investments held at fair value through profit and loss	72
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>62</b>
Decrease in fair value of loans and investments at amortised cost*	14
Decrease in fair value of fixed rate borrowing*	-1,615

\* No impact on Comprehensive Income and Expenditure

### **Market Risks: Price risk**

The Council's investment in a property fund and multi-asset funds (which include property) is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2024 would result in a £150,000 charge to Other Comprehensive Income and Expenditure (£174,000 at 31st March 2023). This is then transferred to the Pooled Investment Funds Adjustment Account.

The Council's investment in a REIT is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £0.5m. A 5% fall in residential property prices at 31st March 2024 would result in a £24,000 charge to Other Comprehensive Income and Expenditure (£27,000 on 31st March 2023) which would be reflected in the Financial Instruments Revaluation Reserve.

The Council's investment in multi-asset funds (which include equities) are subject to the risk of falling share prices. A 5% fall in share prices at 31st March 2024 would result in a £93,000 charge to the Surplus or Deficit on the Provision of Services (£84,000 on 31st March 2023) which is then transferred to the Pooled Investment Funds Adjustment Account.

### **Legal and Regulatory Risk Management**

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the Council.

### 37. Trust Funds

The Council acts as sole trustee for one trust fund.

#### The Horsford Trust

This Trust is managed by the Council as well but under the strict guidelines of a Charity Commission scheme that was set up by the late benefactor Fanny Horsford.

There are no formal records of assets and liabilities as the charity falls under the threshold for the Charity Commission so only an annual return including income and expenditure is required.

	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>
Income	17	17
Expenditure	-21	-8
	<u>-4</u>	<u>9</u>

Reserve held on behalf of the Trust is carried in our balance sheet. In 2023/2024 it was £76k (£66k in 2022/2023).

The funds do not represent the assets of the Council, therefore they have been included as a third party reserve in the balance sheet.

## COLLECTION FUND

2022/2023				Note	2023/2024		
£'000 Business rates	£'000 Council Tax	£'000 Total			£'000 Business rates	£'000 Council Tax	£'000 Total
0	70,889	<b>70,889</b>	Income				
			Council Tax Receivable	<b>CIES</b>	0	75,839	<b>75,839</b>
			<i>Transfer from General Fund:</i>				
			Council Tax Discounts Funded from				
0	0	<b>0</b>	Billing Authority General Fund	<b>CIES</b>	0	126	<b>126</b>
37,799	0	<b>37,799</b>	Business Rates Receivable		39,296	0	<b>39,296</b>
0	0	<b>0</b>	Transitional Protection Payments Due from Government		3,435	0	<b>3,435</b>
			<b>Contributions Towards Previous Year's Deficit</b>				
1,475	0	<b>1,475</b>	Central Government Share		0	0	<b>0</b>
1,180	0	<b>1,180</b>	Tewkesbury Borough Council		0	0	<b>0</b>
295	0	<b>295</b>	Gloucestershire County Council		0	0	<b>0</b>
<b>40,749</b>	<b>70,889</b>	<b>111,638</b>	<b>Total Income</b>		<b>42,731</b>	<b>75,965</b>	<b>118,696</b>
			<b>Expenditure</b>				
			<b>Precepts, Demands and Shares</b>				
18,294	0	<b>18,294</b>	Central Government Share		20,403	0	<b>20,403</b>
14,635	7,245	<b>21,880</b>	Tewkesbury Borough Council		16,323	7,726	<b>24,049</b>
3,659	51,975	<b>55,634</b>	Gloucestershire County Council		4,081	56,047	<b>60,128</b>
0	10,030	<b>10,030</b>	Gloucestershire Police Authority		0	10,854	<b>10,854</b>
103	0	<b>103</b>	Transitional Protection Payments Payable to Government		0	0	<b>0</b>
0	0	<b>0</b>	Contribution towards deficit		0	0	<b>0</b>
210	0	<b>210</b>	Renewable Energy Disregards		275	0	<b>275</b>
123	0	<b>123</b>	Cost of Collection Allowance		124	0	<b>124</b>
<b>37,024</b>	<b>69,250</b>	<b>106,274</b>			<b>41,206</b>	<b>74,627</b>	<b>115,833</b>
			<b>Bad and Doubtful Debts:</b>				
0	0	<b>0</b>	Write Offs		0	0	<b>0</b>
-148	69	<b>-79</b>	Allowance for Non Collection (Bad Debts)		38	108	<b>146</b>
-271	0	<b>-271</b>	Settlement against Provision		0	0	<b>0</b>
-2,399	0	<b>-2,399</b>	Change in Provision		2,139	0	<b>2,139</b>
<b>-2,818</b>	<b>69</b>	<b>-2,749</b>			<b>2,177</b>	<b>108</b>	<b>2,285</b>
0	953	<b>953</b>	Transfer of Collection Fund Surplus	<b>BS</b>	944	1,536	<b>2,480</b>
<b>34,206</b>	<b>70,272</b>	<b>104,478</b>	<b>Total Expenditure</b>		<b>44,327</b>	<b>76,271</b>	<b>120,598</b>
<b>6,543</b>	<b>617</b>	<b>7,160</b>	<b>Surplus/(Deficit)</b>		<b>-1,596</b>	<b>-306</b>	<b>-1,902</b>
			<b>Movement on Fund</b>	<b>BS</b>			
-1,880	983	<b>-897</b>	Balance at 1st April		4,663	1,600	<b>6,263</b>
6,543	617	<b>7,160</b>	Surplus/(Deficit)		-1,596	-306	<b>-1,902</b>
<b>4,663</b>	<b>1,600</b>	<b>6,263</b>	<b>Balance as at 31st March</b>		<b>3,067</b>	<b>1,294</b>	<b>4,361</b>
			<b>Allocated to:</b>				
2,331	0	<b>2,331</b>	Central Government		1,533	0	<b>1,533</b>
1,866	168	<b>2,034</b>	Tewkesbury Borough Council		1,227	134	<b>1,361</b>
466	1200	<b>1,666</b>	Gloucestershire County Council		307	972	<b>1,279</b>
0	232	<b>232</b>	Gloucestershire Police Authority		0	188	<b>188</b>
<b>4,663</b>	<b>1,600</b>	<b>6,263</b>			<b>3,067</b>	<b>1,294</b>	<b>4,361</b>

## NOTES TO THE COLLECTION FUND

### 1. General

The Collection Fund is a statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to local government bodies and the Government.

The account is a statutory fund required by the Local Government Finance Act 1988, separate from the other revenue accounts of the Council, whose transactions are wholly prescribed by legislation. The Council has no discretion to determine which receipts and payments are accounted for within and outside the Fund.

NNDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

The CIPFA Code of Practice followed by local authorities in England stipulates that a Collection Fund Income and Expenditure account is included in the Council's accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

### 2. Council Tax

#### 2.1 Council Tax Property Valuations

Residential properties are classified by the District Valuer into eight bands based on their estimated value at 1 April 1991. Each band has a multiplier on which the eventual tax is set. The only exception is where properties have been adapted for physically disabled residents where a special band has been introduced.

The valuation banding and multipliers are as follows:

Band	Range of Values	Multiplier
Z	Adapted Property Band	5/9
A	Up to and including £40,000	6/9
B	£ 40,001 to £52,000	7/9
C	£ 52,001 to £68,000	8/9
D	£ 68,001 to £88,000	1
E	£ 88,001 to £120,000	11/9
F	£120,001 to £160,000	13/9
G	£160,001 to £320,000	15/9
H	More than £320,000	18/9

#### 2.2 Council Tax Base

For 2023/2024 the tax base was 36,781.36 (35,811.22 in 2022/2023). This increase was mainly due to property growth in the borough.

In 2013/2014, the local government finance regime was revised and Council Tax Benefit is no longer received by the Council. This has been replaced by a Council Tax Reduction Scheme which is administered in each authority.

The 2023/2024 base was calculated as follows:

Band	Number of Chargeable Dwellings	Multiplier	Band D Equivalents
A	5,576.75	6/9	3,717.83
B	5,876.76	7/9	4,570.81

C	10,997.25	8/9	9,775.33
D	5,907.25	9/9	5,907.25
E	5,306.50	11/9	6,485.72
F	3,413.25	13/9	4,930.25
G	1,937.75	15/9	3,229.58
H	185.00	18/9	370.00
<b>Total Band D Equivalents</b>			<u>38,986.77</u>
<b>Growth Adjustment</b>			-1,848.85
Collection Rate			98.00%
<b>Chargeable Band D Equivalents</b>			<u>36,395.16</u>
Armed Forces class 'O' contributions in lieu of Council Tax			386.20
<b>Council Tax Base</b>			<u><u>36,781.36</u></u>

### 2.3 Council Tax Level

The Council Tax levels set by the Council are required to cover the demands made by Gloucestershire County Council, Gloucestershire Police Authority, Tewkesbury Borough Council and individual Parishes.

The Precept made by each of these authorities on the Collection Fund is analysed below:

	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£'000</b>	<b>£'000</b>
Gloucestershire County Council	51,975	56,047
Police Authority	10,030	10,853
Tewkesbury Borough Council	4,812	5,126
Total for Parishes	2,433	2,600
	<u><b>69,250</b></u>	<u><b>74,626</b></u>

The Council set an average council tax level for 2023/2024 at Band D of £2,028.92, including Parish precepts (£1,933.75 in 2022/2023). This is broken down as follows:

	<b>2022/2023</b>	<b>2023/2024</b>
	<b>£</b>	<b>£</b>
Gloucestershire County Council	1,451.36	1,523.78
Police Authority	280.08	295.08
Tewkesbury Borough Council	134.36	139.36
Average Parish	67.95	70.70
	<u><b>1,933.75</b></u>	<u><b>2,028.92</b></u>

The Band D tax level for Parish budgets ranged from nil to £152.36

### 3. Income from Business Ratepayers

The Council collects Non-Domestic (Business) Rates for its area. These are based on local rateable values set by the District Valuer £102,353,806 at 31 March 2024 (£93,818,673 at 31 March 2023), multiplied by a uniform rate in the pound set by Central Government. The government provided a reduced rate for businesses with small rateable values of less than £51,000. For 2023/2024 this was set at 49.9p (2022/2023 49.9p), with the standard rate in the pound being 51.2p (2022/2023 51.2p) for the year.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEWKESBURY BOROUGH COUNCIL**

In our auditor's report issued on 19 December 2024, we explained that we could not formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2024, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) would be required in respect of the Whole of Government Accounts exercise. We have now had this confirmation.

### **Opinion on the financial statements**

In our auditor's report for the year ended 31 March 2024 issued on 19 December 2024 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2024 and of the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023-24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

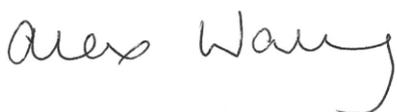
No matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

### **Report on other legal and regulatory requirements – Audit certificate**

We certify that we have completed the audit of Tewkesbury Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

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



Alex Walling, Key Audit Partner  
for and on behalf of Bishop Fleming LLP  
Chartered Accountants and Statutory Auditors

Bristol

24 July 2025

### **Accounting Policies**

The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements.

### **Accruals**

Money which is owed by/to the Council as at 31st March.

### **Actuarial Gains and Losses**

These comprise:

Experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and

The effects of changes in actuarial assumptions.

### **Capital Receipts**

Capital money received from the sale of land or other assets, which is available to finance other items of capital spending.

### **Capital Expenditure**

The acquisition of assets which have a long-term value to the Council in the provision of its services (e.g. land), purchasing existing buildings or erecting new ones, purchasing furniture, equipment, etc.

### **Cash Equivalents**

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **Creditor**

Where money is due to a third party at year end for goods or services that have been received on or before 31<sup>st</sup> March, but not yet paid for.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy. This is the professional body for accountants working in local government and public bodies. The Institute provides financial and statistical information services for local government and advises central government and other bodies on local government and public finance matters. Members of the Institute are entitled to the letter CPFA after their names, and membership is by examination. CIPFA is an entirely privately funded body.

### **Community Infrastructure Levy**

The Community Infrastructure Levy (the 'levy') is a charge which can be levied by local authorities on new development in their area.

### **Contingent Asset**

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the local authority's control.

### **Contingent Liability**

A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control, or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

**Contributions paid to the Gloucestershire County Council pension fund**

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

**Control**

The ability of the reporting authority to direct the operating and financial policies of another entity with a view to gaining future economic benefits or service potential from its activities.

**Current Service Cost**

The increase in the present value of a defined benefit obligation (liabilities) resulting from employee service in the current period.

**Depreciation**

This is a charge made to the Income and Expenditure account each year that reflects the reduction in an asset used in the delivery of a service.

**Dominant Influence**

Influence that can be exercised by the reporting authority to exercise the operating and financial policies desired by the reporting authority, notwithstanding the rights or influence of any other party.

**Entity**

A body corporate, partnership, trust, unincorporated association, or statutory body that is delivering a service, or carrying on a trade or business, with or without a view to profit.

**External Audit**

The independent examination of the accounts of local authorities. This is carried out on behalf of the Audit Commission by either the District Auditor or a private firm of auditors.

**Fair Value**

The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's-length transaction.

**Financial Regulations**

A formal code of procedures to be followed in the financial management of the Council.

**Financial Year**

The financial year runs from 1<sup>st</sup> April to 31<sup>st</sup> March.

**General Fund (GF)**

The fund from which the expenditure of district councils is financed.

**Government Guidelines**

These are contained in white papers, circulars or letters from Central Government. They give advice to local authorities of the current and future expenditure levels forecast nationally for different public sector services. They are advisory or for information only, i.e. they are not mandatory.

**Gross Expenditure**

The cost of providing the Councils services before deduction of Government grants or other sources of income.

**Housing Benefits**

Introduced in the Social Security and Housing Benefits Act 1982 - a system of financial assistance towards the rent and rates of those in financial need. Costs incurred by Councils are partly reimbursed by direct grant from Central Government.

**Housing Subsidy**

Subsidies payable by Central Government to reduce housing costs.

**Interest on Revenue Balances (or interest receipts)**

The day to day cash flow of the authority is invested when it is in surplus, and borrowing is required when it is in deficit. The interest earned on any net surplus over the year is given one or other of these names.

**Internal Audit**

A continuous review maintained by the Corporate Head of Financial Services and Resources over all functions of the Council to ensure, among other things, the correctness of all income and expenditure.

**IFRS**

International Financial Reporting Standards advise the accounting treatment and disclosure requirements of transactions so that an authority's accounts 'present fairly' the financial position of the authority.

**Inventories**

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Stocks comprise the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components purchased for incorporation into products for sale

**Liability**

A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the authority of resources embodying economic benefits or service potential.

**Material**

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements.

**Minority Interest**

The interest in a subsidiary entity included in the consolidation that is attributable to the proportion of the stake holding on behalf of persons other than the reporting authority.

**Minimum Revenue Provision**

MRP is the minimum amount which must be charged each year in order to provide for the repayment of loans and other amounts borrowed by the authority.

**Net interest on the net defined benefit liability**

The change during the period in the net defined benefit liability 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 at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

**Non-Domestic Rates (NDR)**

Local tax for businesses based on value of business properties.

**Past Service Cost**

The increase in the present value of the defined benefit liability (obligation) for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

**Precept**

The amount each authority (the County Council, Police Authority, District and Parishes) requests from the Council taxpayer to meet its income and expenditure plans.

**Prior Period Adjustments**

Prior period adjustments are required when an error is material.

**Prospective Application**

Applying a change to transactions, other events and conditions from the date of change of estimate.

**Provision**

A liability of uncertain timing or amount.

**P.W.L.B.**

Public Works Loan Board

**Recoverable Amount**

The higher of fair value less costs to sell of an asset and its value in use.

**Reserve**

Where money is available for a specific purpose but no commitment has been made on or before the 31<sup>st</sup> March, a reserve can be set up to carry the money forward to the next year when the money can be used for the specific purpose for which it was intended. When expenditure takes place the reserve is credited to the relevant year after the calculation of the Net Cost of Services.

**Retrospective Application**

Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

**The Return on Plan Assets**

Excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

**Revenue Support Grant (RSG)**

A grant paid by Central Government, to local authorities, in aid of revenue. This is not paid for specific services.

**Revenue Expenditure**

The day to day running costs which consist principally of salaries and wages, general running expenses and capital financing costs.

**Shared Services**

Shared Services are where two or more authorities have arranged under an agency agreement for one authority to provide the service on behalf of all authorities covered by the agreement.

**Significant Influence**

The power to participate in the financial and operating policy decisions of an authority, but not control those policies.

**Specific Grants**

Government grants to local authorities in aid of particular projects or services, e.g. housing benefit grant, magistrates courts grant, police grant.

**Useful Life**

The period which an asset is expected to be available for use by an entity.

**Value in Use**

- Of a non-cash generating asset - the present value of the asset's remaining service potential.
- Of a cash generating asset - the present value of the future cash flows expected to be derived.

**Vested Employee Benefits**

Employee benefits that are not conditional on future employment.