

**Draft
Statement of
Accounts
2024/2025**



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Narrative Report

Narrative Report of the Chief Officer – Finance and Performance

Dear Reader,

I am pleased to present the Rugby Borough Council Statement of Accounts (the Accounts) for the financial year 2024/25 and I hope you will find them of interest.

The purpose of the Accounts is to summarise the financial performance for the year 2024/25 and the overall financial position of the Council. It is intended that these Accounts will provide a useful and important source of financial information for the community, stakeholders, councillors and other interested parties.

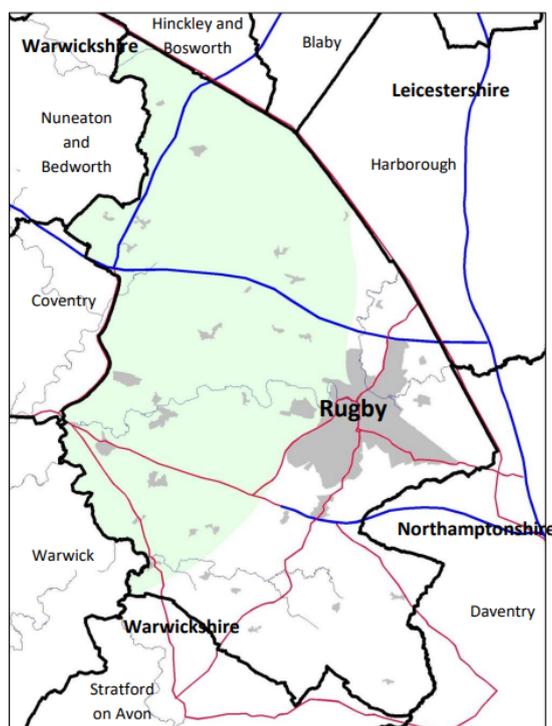
The style and format of the Accounts complies with Chartered Institute of Public Finance and Accountancy (CIPFA) standards and the presentation is designed to make them user-friendly and accessible.

The Narrative Report provides information about Rugby, including the key issues affecting the Council and its Accounts. It also provides a summary of the financial position at 31 March 2024 and is structured as follows:

- About Rugby Borough Council
- Governance
- Corporate Strategy 2021-24 and 2025-2035
- Outturn position
- Future Financial Outlook and Financial Resilience
- Financial Statements
- Further Information

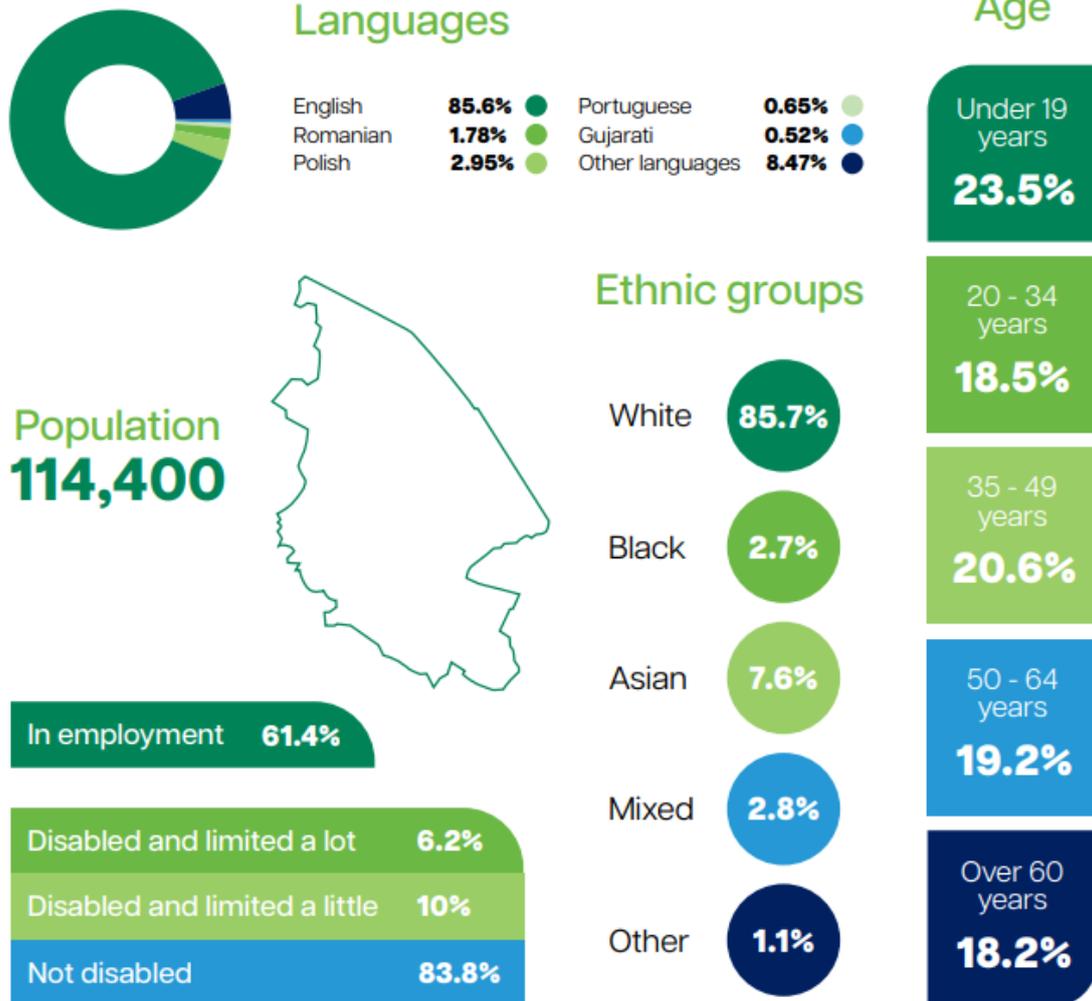
Jon Illingworth CPFA
Chief Officer – Finance and Performance
30 June 2025

About Rugby



- The Borough of Rugby covers an area of 138 square miles and is on the eastern edge of the West Midlands region
- Taken from the 2021 census, Rugby had a total of 114,835 usual residents residing in 47,016 households, indicating an average household size of 2.4.
- Rugby has a track record of being an innovative and entrepreneurial area and currently has a higher than UK average start-up rate by small businesses.
- Rugby also sits within the inner 'Golden Triangle', on the strategic road network (M6/M1/M69/A5/A14)
- At 3.1% unemployment in Rugby is lower than the West Midlands at 4.3% and Great Britain at 4.4% (ONS2024)
- Immediately adjacent to Rugby's southwestern boundary is DIRFT (Daventry International Rail Freight Terminal) which provides rail goods links to the deep seaports.

Rugby Borough demographics



The Council’s main services include waste and recycling, planning, development strategy, housing, licensing, elections, council tax, benefits, parking, business support and economic regeneration, community safety, environmental health, commercial regulation, parks and open spaces, arts and visitor services, bereavement services, and sport and recreation.

Political Structure

There are 42 elected councillors who make decisions about Rugby Borough Council services.

The Leader of the council is Cllr Michael Moran, who is Leader of the Labour group.

The Conservative group has 17 councillors. The Labour group has 15 councillors and the Liberal Democrat group has 10

Leadership Team

The Council's leadership team is comprised of a Chief Executive, Deputy Chief Executive and the following Chief Officer posts:

- Chief Officer for Communities and Homes
- Chief Officer for Growth and Investment
- Chief Officer for Legal and Governance
- Chief Officer for Finance and Performance
- Chief Officer for Regulation and Safety
- Chief Officer for Leisure and Wellbeing
- Chief Officer for Digital and Communications
- Chief Officer for Operations and Traded Services

Governance

Each local authority operates a governance framework that brings together a set of legislative requirements, governance principles, corporate strategies and policies, systems, management processes, culture and values. The quality of these arrangements underpins the level of trust in public services and is fundamental to the Council's statutory and democratic obligations. A framework of good governance allows the Council to be clear about how it discharges its responsibilities. Further information on the Council's governance arrangements across all its activities is provided in the Annual Governance Statement which, in line with our commitment to continuous improvement, this also includes a description on how we plan to further strengthen our arrangements.

Corporate Strategy 2021-24 and 2025-2035

2024/25 is the final year of our Corporate Strategy 2021-24. It was a time of recovery from the COVID-19 pandemic.

The new Corporate Strategy 2025-2035 was launched in January 2025 and outlines the plan to achieve a better, fairer and greener borough. The mission of the Rugby Borough Council Corporate Strategy 2025-2035 is to **‘develop policy and work in collaboration to protect the vulnerable, reduce inequalities, improve skills and access to skilled jobs, increase affordable housing, boost our infrastructure such as health services and education, and protect and nurture the natural environment.’**

The vision for 2035 is ***to achieve a more sustainable economy for all, where our natural environment, people and businesses are thriving.*** This will be achieved by looking at the following areas:

- A healthier Rugby – to support people to live healthier, longer and more independent lives.
- A thriving Rugby – to deliver a thriving economy which brings borough-wide investment and regenerates Rugby town centre.
- A greener Rugby – to protect the environment and ensure the borough adapts to climate change.
- A fairer Rugby – to reduce inequalities and improve housing across the borough.

Outturn Position

Financial Overview 2024/25

The budget presented to Council met the statutory obligations of a balanced budget. Highlights from the 2024/25 Council Tax Setting and Rent Setting Reports include:

- £0.783m of retained business rates growth being used to offset Portfolio expenditure with £7.573m of business rates growth being transferred to the Business Rates Equalisation Reserve to mitigate the impact of the business rates reform which has been deferred until 2025/26 at the earliest.
- £2.648m of grant funding was due to be received from Central Government during 2024/25
- Fees and Charges were set at £7.265m which is an increase of 6.7% from the previous year for most fees and charges, with exceptions for fees set nationally.
- £1.390m was identified as permanent savings which was to be monitored during the year and rated Red, Amber and Green based on how much had been achieved.
- 2024/25 Capital Programme totals £1.752m for the General Fund and £22.155m for the Housing Revenue Account.
- Rent was increased by 7.7% on all dwellings, generating £1.3m of additional income.

General Fund**Portfolio expenditure and Financing**

The year-end position is set out in the following table.

Portfolio	Revised Budget	2024/25 Spend	Net Variance
	£000	£000	£000
Communities, Homes, Regulation and Safety	5,574	5,729	155
Finance, Performance, Legal and Governance	3,701	4,381	680
Growth and Investment, Digital and Communications	2	1,998	306
Partnership and Wellbeing	4,008	4,470	462
Operation and Traded Services	5,001	5,739	738
Chief Executive	-	136	136
Change and Transformation	193	277	84
Net Portfolio Expenditure	20,169	22,729	2,560
Corporate Items	(1,607)	(3,514)	(1,907)
Total Net Revenue Expenditure	18,562	19,215	653
Total Corporate Income	(21,746)	(21,289)	458
Total Transfers to/from Corporate Reserves and Balances	3,184	3,184	-
Net position	-	1,111	1,111

The 2024/25 total Portfolio expenditure was £22.729m against a revised budget of £20.169m, resulting in a pressure of £2.560m. After adjusting for the net cost of borrowing and other corporate items totalling (£3.514m), the net pressure on Revenue expenditure is £0.653m. Taking into account the transfers to/from reserves of £3.184m and Funding items of (£21.289m), the overall net position of the Council for 2024/25 is an overspend of £1.111m that will be financed from the Budget Stability Reserve (£0.653m) and the Business Rates Equalisation Reserve (£0.458m).

The pressure experienced in the year was the result of many separate factors including:

- Costs of agency workers in several key areas where it has proved difficult to recruit sufficiently experienced staff including Housing Advice and Benefits, Finance and Performance teams.
- High levels of sickness and other absences in the refuse service resulting in the need to use agency staff.

- Less than expected income received for recycling coupled with increased haulage costs for transporting refuse.
- Property related costs and higher than expected levels of maintenance costs in the Leisure and Wellbeing service area.
- A shortfall in income in several areas including less planning income as several major applications were delayed due to national and international uncertainties.
- Failure to deliver several budgeted savings meant the corporate savings target was not achieved.

The pressures were partially offset by increased income and underspends against expenditure budgets in other areas including:

- One off additional income from investments due to the prudent and responsible budgeting for this volatile area. The Bank of England kept interest rates at elevated levels throughout the year, although rates have now started to fall.
- A lower than anticipated charge for the minimum revenue provision due to less capital items requiring to be financed by borrowing in the previous year.
- Fewer applications than anticipated for a government grant funded scheme in the Town Centre meant that budgeted funds to supplement the scheme were not required.
- The need for emergency accommodation for homelessness was less than budgeted for due to proactive work carried out by the Housing Team.

The Council has identified 76 KPIs that not only impact on Portfolio performance but are also aligned to the Corporate Strategy. 39 (51%) of all KPIs reported against in 2024/25 either met or exceeded the set target.

There have been a number of instances throughout 2024/25 where performance has improved. They include:

- The number of Fly tipping reports investigated during the year through all quarters was 100% though the service has seen increased complaints due to waste and rogue bins but have targeted key street locations and worked with residents to inform and educate them around the issues.
- The planning service continues to maintain a high percentage against the national government target when determining major planning applications within a 13-week period with the last quarter of the financial year hitting 100% of major applications determined.
- Council Tax collection rates were 95%; the highest in year collection since pre-Covid.

Reserves Balances and Future Strategy – General Fund

Reserves are kept under scrutiny to ensure that balances are appropriate but also identify where there could be future challenges.

Plans show that over the medium term the Council is achieving levels of reserves and a General Fund balance which continues to meet the risks identified in the financial planning environment. The contributions made to reserves in the past have enabled the Council to establish a level of reserves which:

- recognise the risks of service needs increasing in response to demographic growth or wider economic pressures
- recognise the potential loss of funding from forthcoming changes

- allow for emergency situations and legal challenges which the Council may face

The risk assessment completed for reserve usage identifies that the known risks are mitigated with the current balances of reserves. However, analysis takes place on a quarterly basis to assess this. If the use of reserves is overlaid with the potential risks facing the organisation the impact is that the council can cover 100% of this risk for a period of 4 years. Although this is an unlikely occurrence this is a positive position.

Housing Revenue Account (HRA)

Housing Rents were set by Council on 6 February 2024. Council agreed to a rent uplift of 7.7% for 2024/25 in line with government guidance.

The year-end position for 2024/25 on the HRA is per the table below.

	Revised Budget	Actual	Variance
	£000	£000	£000
Expenditure	16,662	17,643	981
Income	(20,921)	(20,992)	(71)
Net cost of HRA Services	(4,259)	(3,349)	910
Contributions to (+) / from (-) reserves	4,259	3,349	(910)
Surplus (-) / Deficit for year	-	-	-

The variance on expenditure is due to a wide range of issues, the most significant of which was additional spending with external contractors due to increased demand resulting from stock condition surveys and tenant welfare checks. This was offset by additional income from investments due to higher than anticipated interest rates.

Reserve Transfers and Balances – Housing Revenue Account

The level of the HRA Revenue balances was re-assessed several years ago considering potential risks arising from the Council's capacity to manage in-year budget pressures and the wider reform and regulatory environment.

In summary, there was an in-year movement of (£3.800m) on overall HRA reserves (including Capital Receipts and the Major Repairs Reserve) after the surplus for the year of £3.435m was allocated the Capital Reserve and the overall balance held as at 31 March 2025 is (£42.051m).

Capital

Capital expenditure is defined as expenditure on the purchase, improvement or enhancement of assets, the benefit of which impacts for longer than the year in which the expenditure is incurred. Capital expenditure for the year was £27.361m. The expenditure analysed by portfolio was:

Portfolio	Revised Budget £000	Actual £000	Year-end reprofiling £000	Variance £000
Communities, Homes, Regulation and Safety	4,376	3,667	383	(326)
Finance, Performance and Governance	107	-	107	-
Growth & Investment, Regulation and Safety	1,409	1,434	-	25
Partnership and Wellbeing	1,996	701	1,299	4
Operation and Traded Services	1,619	1,143	485	9
Total General Fund	9,507	6,945	2,274	(288)
HRA	23,526	20,416	3,501	391
Total	33,033	27,361	5,775	103

The Capital programme was financed as follows:

	Direct Revenue Financing & Reserves £000	Borrowing £000	Section 106 & Government Grant £000	Capital Receipts & Major Repairs £000	Total £000
Communities, Homes, Regulation and Safety	-	1,740	833	1,095	3,668
Growth & Investment, Regulation and Safety	-	356	1,078	-	1,434
Partnership and Wellbeing	-	82	618	-	700
Operation and Traded Services	92	38	9	1,004	1,143
Total General Fund	92	2,216	2,538	2,099	6,945
HRA	630	11,480	2,855	5,451	20,416
Total	722	13,696	5,393	7,550	27,361

Collection Fund

Council Tax

The amount accounted for within the General Fund in 2024/25 is fixed to the budgeted amount of council tax billed during the year, not the actual cash collected. Any difference between the actual amount collected and the initial forecast will generate a surplus or deficit on the Collection Fund, to be met from or credited to future years' budgets.

For 2024/25 the actual cash position for council tax was an overall surplus of (£0.272m). This will be distributed between us, Warwickshire County Council and The Office of the Police and Crime Commissioner for Warwickshire in the relevant shares, as detailed in the Collection Fund Statement Note 3. Our share of the surplus is (£0.030m) and this will be allocated to the General Fund in 2025/26.

Business Rates

The Council sets its business rates income budget on 31 January each year and it was anticipated that the Council would generate (£64.818m) net business rates income during 2024/25 with Rugby Borough Council retaining (£9.758m).

Under the scheme that was established in 2013/14, the Council retains 50% of any growth in business rates over its baseline value which is £2.635m in 2024/25.

As a high growth borough this has been a significant advantage to Rugby with retained growth of (£7.123m) in 2024/25 and since 2017 this growth has been contributed to the Business Rates Equalisation Reserve (BRER).

Future Financial Outlook and Financial Resilience

2025/26 General Fund budget

With a change in administration in July 2024 the budget setting process has taken a different political direction for 2025/26 purposes and to inform the process the Council undertook external review from both the Local Government Association (LGA) and Chartered Institute of Public Finance and Accountancy (CIPFA). The budget was approved by Council on 13 February 2025 and meets all the statutory obligations. In a change in policy for the year, with the benefit of further delays in reform, included within the funding is a £4.241m use of the retained business rates growth for service delivery in 2025/26. As part of the budget £2.543m of business rates growth was transferred to the Business Rates Equalisation reserve.

To further support future analysis, the MTFP has been increased to ten years from 2025/26. Although assumptions 6+ years into the future become less robust, it will support more detailed sensitivity analysis around the future financial sustainability of the Council. Also included for 2025/26 is (£2.089m) of non-ringfenced grant funding from central government. Although welcome, in future years that grant is phased out by 25% per year and reduces to (£1.611m) in 2026/27. Any improvement on this will have a positive impact on the savings target but this should not be relied upon.

Medium Term Financial Plan

The 2025-30 Medium Term Financial Plan (MTFP) presented to Council at council tax determination is illustrated in the table below:

	2025/26	2026/27	2027/28	2028/29	2029/30	Year 10
	£000	£000	£000	£000	£000	£000
BASE BUDGET	22,232	23,743	23,098	23,802	24,591	28,791
Total Net Base Budget	22,822	22,407	23,342	24,361	25,431	29,481
Government Grants	(2,094)	(766)	(570)	(375)	(179)	-
Business Rates	(10,584)	(9,105)	(8,259)	(7,162)	(6,103)	(6,348)
Council Tax	(10,146)	(10,679)	(11,319)	(11,984)	(12,678)	(16,617)
Total	(22,822)	(20,550)	(20,147)	(19,520)	(18,960)	(22,965)
Financed by						
Cumulative savings/transformation required	-	1,857	3,195	4,840	6,471	6,516

Budget Position and Savings – key points

- The 2025/26 budget is balanced with minimal savings needed due to retained business rates growth.
- 93% of 2024/25 savings have been delivered.

- A £1.857m savings target is set for 2026/27. Transitional funding is being used to ease short-term pressures.
- Chief Officers are accountable for delivering savings and identifying future efficiencies.

Risks and Budget Pressures

- **Inflation:** £0.150m set aside for inflationary pressures. Pay award assumed at 2.5%; any excess will create in-year pressure, anything lower will be an in-year benefit
- **National Insurance:** Budget assumes 50% of the cost will be covered by central government grant.
- **Service Pressures:** Monthly monitoring and exception reporting will continue. Budget managers are expected to provide robust forecasts.
- **Capital Projects:** Schemes not started within two years will be removed from the capital programme.

Areas of consideration

- Major risks from 2026/27 include:
 - Business Rates Reset
 - Fair Funding Review
 - End of New Homes Bonus
- MTFP assumes a 25% funding reduction post-2025/26.
- Corporate reserves provide flexibility to manage these risks without immediate service cuts.

Local Government Reorganisation (LGR)

- A government white paper has raised the possibility of district council reorganisation.
- Warwickshire County Council has submitted a proposal; outcomes expected in spring 2025.
- LGR is not factored into the current budget but will be assessed during 2025/26.

Treasury Management and Investment

- Treasury returns and borrowing costs are subject to market volatility.
- The Treasury and Capital Strategies ensure prudent risk management and align with the MTFP and economic outlook.

Transformation and Workforce

- Transformation and commercialisation are essential for long-term savings. 2025/26 is a transition year with low savings pressure.
- Workforce risks include recruitment and retention challenges, especially in Planning and Finance.
- High sickness absence and potential LGR impacts add to workforce uncertainty.

Medium-Term Financial Plan (MTFP)

- The MTFP now spans 10 years (2025/26–2034/35) to support long-term planning.
- £4.241m of business rates growth will fund services in 2025/26; £2.543m will go to reserves.
- Non-ringfenced government grants reduce by 25% annually from 2026/27.
- Reserve balances are strong (£26.459m forecast for March 2025), providing a buffer through 2029/30.

Addressing the budget gaps

As part of the spending review for 2026/27 we will receive a 3-year assessment of the potential funding for Local Government which will provide the clarity needed for future planning. The MTFP approved by council in February is based on intelligence and data known at the time of publication. Expanding the length of the MTFP has allowed for more detailed analysis on the long-term financial position of the Council which will support members to make informed decisions when setting the budget

In addition, the existing MTFS sets out a suite of financial policies to provide a framework that will guide our financial planning and decision making throughout the life of the strategy. These assumptions will be reviewed as part of the update of the document for the 2025/26 financial year.

Financial Resilience Conclusion

Looking at the expected opening balance of c(£26.000m) for the key corporate reserves for 2025/26 and the forecast movement, our risk-based approach has identified potential significant financial burdens that the Authority could be exposed to in the medium term. To manage the medium-term risk work will continue to deliver the savings target for the remainder of the 4 years of the MTFP. The Council is in a positive position to hold significant balances and through the work of delivering transformation for the remainder of the MTFP, there may be a requirement to use reserves whilst plans are finalised. This will not be utilised without detailed business cases, timelines and milestones.

To compliment this analysis in the autumn the organisation had external support from both CIPFA and the LGA. Following the new administration taking control of the Council the work was used to give an independent review of the finances of the organisation. In both cases the position was classed as moderate and that unlike some Council's reserve balances give flexibility to move towards financial stability in a controlled way.

It is important that the organisation does not become complacent with the financial position that it finds itself in. The new Corporate Strategy has some exciting and significant projects included which will require the use of reserves. With no plans to replenish them it is critical that officers understand the importance of sound financial controls and does not over rely on the financial services team to provide this.

For the HRA, the regeneration of both the Biart Place and Rounds Gardens sites will fundamentally impact on the scale of the resources available across the medium to long term.

Financial Statements

The Accounts set out our income and expenditure for the year and our financial position at 31 March 2025. It is comprised of core and supplementary statements, together with disclosure notes. The format and content of the Financial Statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 which in turn is underpinned by International Financial Reporting Standards; A Glossary of key terms can be found at the end of this publication.

The Primary Financial statements

The Comprehensive Income and Expenditure Statement (CIES) records all our income and expenditure for the year, in accordance with generally accepted accounting practices (GAAP) rather than the amount to be funded from taxation (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the expenditure and funding analysis and the Movement in Reserves Statement.

The top half of the statement provides an analysis by portfolio, in-line with our organisational structure. The bottom half of the statement deals with corporate transactions and funding. Expenditure represents a combination of:

- services and activities that the Council are required to carry out by law (statutory duties) such as street cleansing and planning; and,
- discretionary expenditure focussed on local priorities and needs, such as leisure and culture.

The Movement in Reserves Statement (MIRS) shows the movement from the start of the year to the end on the different reserves we hold, analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves which are set aside for specific reasons and cannot be spent as they are not backed by cash resources. The statement shows how the movements in year of on our reserves is broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net (increase)/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments. Usable reserve levels reflect the need to maintain a prudent level of reserves. Unusable reserves include reserves for unrealised gains and losses where amounts only become available to provide services if the assets are sold.

The Balance Sheet statement is a “snapshot” of our assets (including cash balances), liabilities and reserves at the year-end date. Our net assets (assets less liabilities) are matched by the usable and unusable reserves as shown in the Movement in Reserves Statement.

The Cash Flow Statement shows the reason for changes in our cash balances during the year and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities). The amount of net cash flows arising from operating activities is a key indicator of the extent to which our operations are funded by way of taxation and grant income or from the recipients of services we provide. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to our future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows to repay our borrowing.

The Expenditure and Funding Analysis (included in a prominent place in the notes) shows how annual expenditure is used and funded from resources (Government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

Notes to support the primary statements

Notes are presented after the core statements and provide more detail about the Council's accounting policies and individual transactions.

Supplementary Statements

The Housing Revenue Account (HRA) reflects the statutory obligation to maintain a revenue account for local authority housing provision. It includes the debit and credit items required to be taken into account in determining the surplus or deficit on the HRA for the year. The HRA is incorporated into the Comprehensive Income and Expenditure Statement

The Collection Fund Statement includes transactions relating to council tax and business rates income. Rugby Borough Council is responsible for collecting local taxes on behalf of Warwickshire County Council, Office of the Police and Crime Commissioner for Warwickshire, Parish Councils and the Borough Council itself; these are all accounted for within the Collection Fund.

The Annual Governance Statement

The Annual Governance Statement sets out the governance structure of the Council and its key internal controls.

Further Information

If you would like to receive further information about the Accounts, please contact the Financial Services Team.

Email: contactcentre@rugby.gov.uk

Telephone: [\(01788\) 533533](tel:01788533533)

Address: Town Hall, Evreux Way, Rugby, CV21 2RR.

Statement of Responsibilities

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility of those affairs. In Rugby Borough Council, this is the Chief Officer – Finance and Performance.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Statement of Accounts.

Responsibilities of the Chief Officer – Finance and Performance

The Chief Officer – Finance and Performance, as the designated Section 151 Officer for the Council, is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Officer – Finance and Performance has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code of Practice.
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Officer – Finance and Performance

I certify that this Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the Council at 31 March 2025 and its expenditure and income for the year then ended.

Jon Illingworth

Chief Officer – Finance and Performance

Date: 30 June 2025

The Primary Financial Statements

Comprehensive Income and Expenditure Statement

2023/24			Note	2024/25		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
18,630	(15,257)	3,373	Communities and Homes	19,031	(14,931)	4,100
(105)	(52)	(157)	Digital and Communications	(154)	(21)	(175)
210	(164)	46	Executive Director's Office	628	(76)	552
1,855	(524)	1,331	Finance and Performance	2,118	(415)	1,703
3,526	(1,789)	1,737	Growth and Investment	5,246	(3,486)	1,760
20,664	(18,312)	2,352	Housing Revenue Account	19,135	(19,602)	(467)
2,470	(84)	2,386	Legal and Governance	3,081	(436)	2,645
2,551	(1,665)	886	Leisure and Wellbeing	6,286	(1,567)	4,719
9,225	(3,327)	5,898	Operations and Traded	8,905	(3,813)	5,092
3,294	(2,238)	1,056	Regulation and Safety	4,188	(2,314)	1,874
1	(37)	(36)	Corporate Items	-	(13)	(13)
62,321	(43,449)	18,872	Total Cost of Services	68,464	(46,674)	21,790
		1,661	Other Operating Expenditure	9		1,442
		(2,426)	Financing and Investment Income and Expenditure	10		(2,679)
		(24,133)	Taxation and Non-specific Grant Income	11		(30,307)
		(6,026)	(Surplus)/Deficit on Provision of Services			(9,754)
			Other Comprehensive Income and Expenditure			
		(21,766)	(Surplus)/Deficit on revaluation of non-current assets			(1,598)
		10,388	Remeasurement of the net defined benefit liability/(asset)			(172)
		(11,378)	Total Other Comprehensive Income and Expenditure			(1,770)
		(17,404)	Total Comprehensive Income and Expenditure			(11,524)

Movement in Reserves

2024/25	General Fund Balance	General Fund Earmarked Reserves	Housing Revenue Account	HRA Earmarked Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	(2,250)	(31,196)	(4,085)	(16,323)	(5,802)	(14,571)	(22)	(74,249)	(211,116)	(285,365)
Movement in Reserves during 2024/25										
(Surplus)/Deficit on provision of services	(6,469)	-	(3,285)	-	-	-	-	(9,754)	-	(9,754)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(1,770)	(1,770)
Total Comprehensive Income and Expenditure	(6,469)	-	(3,285)	-	-	-	-	(9,754)	(1,770)	(11,524)
Adjustments between accounting basis and funding basis under regulations (note 7)	4,460	-	(595)	-	63	2,072	(33)	5,967	(5,967)	-
Net (Increase)/Decrease before appropriations	(2,009)	-	(3,880)	-	63	2,072	(33)	(3,787)	(7,737)	(11,524)
Appropriations to/from Reserves	2,009	(2,009)	3,880	(3,493)	(387)	-	-	-	-	-
(Increase)/Decrease in 2024/25	-	(2,009)	-	(3,493)	(324)	2,072	(33)	(3,787)	(7,737)	(11,524)
Balance at 31 March 2025	(2,250)	(33,205)	(4,085)	(19,816)	(6,126)	(12,499)	(55)	(78,036)	(218,853)	(296,889)

2023/24	General Fund Balance	General Fund Earmarked Reserves	Housing Revenue Account	HRA Earmarked Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023	(2,250)	(25,625)	(4,085)	(18,770)	(5,061)	(17,506)	(22)	(73,319)	(194,393)	(267,712)
Movement in Reserves during 2023/24										
(Surplus)/Deficit on provision of services	(4,732)	-	(1,294)	-	-	-	-	(6,026)	-	(6,026)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(11,378)	(11,378)
Total Comprehensive Income and Expenditure	(4,732)	-	(1,294)	-	-	-	-	(6,026)	(11,378)	(17,404)
Adjustments between accounting basis and funding basis under regulations (note 7)	(568)	-	3,611	-	(634)	2,935	-	5,344	(5,344)	-
Net (Increase)/Decrease before appropriations	(5,300)	-	2,317	-	(634)	2,935	-	(682)	(16,722)	(17,404)
Appropriations to/from Reserves	5,300	(5,571)	(2,317)	2,447	(107)	-	-	(248)	(1)	(249)
(Increase)/Decrease in 2023/24	-	(5,571)	-	2,447	(741)	2,935	-	(930)	(16,723)	(17,653)
Balance at 31 March 2024	(2,250)	(31,196)	(4,085)	(16,323)	(5,802)	(14,571)	(22)	(74,249)	(211,116)	(285,365)

Balance Sheet

	Note	31 March 2025 £000	31 March 2024 £000
Property, Plant and Equipment	13	285,087	269,635
Heritage Assets	14	36,899	37,535
Investment Property	15	780	721
Intangible Assets	16	707	788
Long Term Investments	18	734	734
Long Term Debtors and Advances	20	6,793	6,535
Long Term Assets		331,000	315,948
Short Term Investments	18	69,339	78,421
Assets Held for Sale	17	86	72
Inventories		338	217
Short Term Debtors	20	16,561	16,868
Cash and Cash Equivalents	19	3,430	183
Current Assets		89,754	95,761
Short Term Borrowings	18	(446)	(7,581)
Short Term Creditors	21	(20,856)	(13,246)
Grants Receipts in Advance	12	(1,472)	(1,374)
Short Term Provisions	22	(833)	(833)
Current Liabilities		(23,607)	(23,034)
Long Term Provisions	22	(4,331)	(6,305)
Long Term Creditors	21	(871)	(709)
Long Term Borrowing	18	(83,333)	(83,355)
Pension Liabilities	36	(4,843)	(5,503)
Grants Receipts in Advance	12	(6,880)	(7,438)
Long Term Liabilities		(100,258)	(103,310)
Net Assets		296,889	285,365
Usable Reserves	23	(78,037)	(74,251)
Unusable Reserves	25	(218,852)	(211,114)
Total Reserves		(296,889)	(285,365)

Jon Illingworth
Chief Officer – Finance and Performance
Date: 30 June 2025

Cash Flow Statement

	Note	2024/25 £000	2023/24 £000
Net Surplus or (deficit) on the provision of services		9,754	6,273
Adjustment to net surplus or deficit on the provision of services for non-cash movements	26	18,101	12,491
Adjustments for items included in the net surplus or deficit for the provision of services that are investing and financing activities	26	(7,752)	(6,963)
Net cash flows from Operating activities		20,103	11,801
Investing activities	27	(9,856)	(27,269)
Financing activities	28	(7,000)	2,614
Net increase or (decrease) in cash and cash equivalents		3,247	(12,854)
Cash and Cash equivalents at the beginning of the reporting period		183	13,037
Cash and Cash equivalents at 31 March	19	3,430	183

Notes to the Accounting Statements

1. General Principles

The statement of accounts summarises the authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The authority is required to prepare an annual statement of accounts by the Accounts and Audit 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 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

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

2. Accounting Standards issued, but have not yet been adopted

The Council is required to disclose information relating to the impact on its financial statements of an accounting change that will be required by a new standard that has been issued but has not yet been adopted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the 'Code'). The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 has introduced some changes to the accounting policies which will be required from 1 April 2025 and will be adopted by Rugby Borough Council from this date.

The standards introduced by the 2025/26 Code are:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.
- b) IFRS 17 Insurance Contracts issued in May 2017.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

It is not expected that items a) and b) will have any impact on the Council.

3. Critical judgements in applying accounting policies.

In applying the accounting policies set out in note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

Going Concern

From 2020/21 Local Authorities are required by the Code of Practice on Local Authority Accounting to prepare their accounts on the going concern basis, which is that the functions of the Council will continue in operational existence for the foreseeable future, as a local authority can only be discontinued as a result of statutory prescription.

The Council faces significant cost pressures due to years of high rates of inflation, experienced for salary costs, fuel, electricity and other supplies, plus the consequential increase in demand for its services.

The Council has a control environment that will help to manage and minimise risks inherent in its budgets for future years, including a robust approach to financial planning, regular reporting to members and senior officers, using performance reporting as an early warning system and an internal audit function assessing controls and processes.

The Council also continues to focus on commercialisation, effective contract management and working with partners to secure value for money in delivering its strategic aims and priorities.

The Council has a strong track record in terms of delivering savings, generating income and delivering value to its residents, with a constant focus on strategic outcomes and financial prudence. Therefore, whilst the financial challenge facing the Council is significant, there is no evidence to indicate that the assets of the Council might be impaired due to the need to reduce service provision.

The Council has also been prudent in its establishment of reserves, which will help the Council to invest and achieve the savings plans.

On the basis of the controls in place, the Council considers that it can continue to meet its liabilities as they fall due, supporting the preparation of the financial statements on a going concern basis irrespective of the statutory requirements.

Pension Liability

The Council's actuary has revalued the future liabilities owed by the Warwickshire Pension Fund on behalf of the Council and matched this with the current fair value of assets held by the pension Fund on behalf of the Council. This resulted in a surplus of £36.276m. This surplus is not an asset that is available to the Council. The Council has assessed that there is no opportunity to get a reduction in future contributions or a refund from the fund. Under IFRIC 14, the accounting standard applicable to defined pension schemes, the Actuary has considered the asset ceiling restriction amount at 31 March 2025 and this has been considered in relation to the surplus calculation and applied to show a liability of £4.843m.

4. Assumptions made about the future and other major sources of estimation uncertainty.

The Accounts contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made considering 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.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Other land and buildings £43.329m	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.
Council Dwellings £201.884m	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	It is estimated that the annual depreciation charge for buildings would increase by approximately £0.120m for every year that useful lives had to be reduced. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
		<p>revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement</p>
Financial instruments	<p>The Council holds £4.6m (nominal) of units in both Property and Diversified Income Funds. The funds own retail, industrial, office, and other non-residential property holdings.</p>	<p>The value of Financial Instruments will be subject to review, so there may be changes to the values in the Balance Sheet in the future. Fair value gains and losses are recognised as they arrive in the Surplus/Deficit on the Provision of Services. The Council uses the statutory override introduced by the Government to transfer these gains/losses to the Financial Instruments Revaluation Reserve.</p>
Provision for Business Rate Appeals £4.605m	<p>The possible refund from a business rate appeal can vary depending on factors such as; the type of appeal and type of property, together with its geographical location and the probability of appeal success.</p>	<p>Estimates have been made for the provision for refunding ratepayers who may successfully appeal against the rateable value of their properties. This includes the current and previous financial years. The estimate is based on those ratepayers who have appealed. The total appeals provision as at 31 March 2025 is £11.512m, of which the Council's share is 40% (£4.605m).</p> <p>Should the success of appeals differ from the governments expectation by 1% the effect on the Council's net assets would be £0.046m.</p>
Pension asset £36.3m	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Local Government Pension Scheme, administered by Warwickshire County Council with expert advice about the assumptions to be applied.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% decrease in the discount rate assumption would result in an increase in the pension asset of £1.8 million.</p> <p>A sensitivity analysis upon other variables affecting the net pension liability is set out in Note 36 Defined Benefit Pension Schemes.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>At 31 March 2025 the Council's share of the Pension Fund liability is an asset, which means that, should the assumptions come to fruition as estimated, the Council would realise a cash surplus. However, as explained in note 3, the asset has had the asset ceiling restriction applied and has been converted to a liability of £4.8m.</p>	

5. Events after the Reporting Period

Events taking place 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 Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at 31 March 2025 – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the 31 March 2025 – the Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

No such events have been identified.

6. Expenditure and Funding Analysis

	2024/25					Net Expenditure Chargeable to the General Fund & HRA £000
	Net Expenditure in the CIES £000	Adjustments between the Funding and Accounting Basis			Total Adjustments £000	
		Adjustments for Capital Purposes £000	Pensions Adjustments £000	Other Differences £000		
Communities and Homes	4,100	(1,255)	87	(6)	(1,174)	2,926
Digital and Communications	(175)	(399)	55	1	(343)	(518)
Executive Director's Office	552	-	49	(4)	45	597
Finance and Performance	1,703	-	48	(1)	47	1,750
Growth and Investment	1,760	(12)	50	(4)	34	1,794
Housing Revenue Account	(467)	(3,142)	116	(17)	(3,043)	(3,510)
Legal and Governance	2,645	(8)	30	(1)	21	2,666
Leisure and Wellbeing	4,719	(851)	61	(8)	(798)	3,921
Operations and Traded	5,092	(799)	181	(15)	(633)	4,459
Regulation and Safety	1,874	(198)	61	(11)	(148)	1,726
Corporate Items	(13)	1,448		-	1,448	1,435
Cost of Services	21,790	(5,216)	738	(66)	(4,544)	17,246
Other income and expenditure	(31,544)	3,374	(250)	5,284	8,408	(23,136)
(Surplus) or Deficit	(9,754)	(1,842)	488	5,218	3,864	(5,890)

Opening General Fund & HRA Balances	(53,854)
Surplus/(Deficit) on General Fund in Year	(5,890)
Appropriation to Major Repairs Reserve	387
Closing General Fund & HRA Balances	(59,357)

	2023/24					
	Net Expenditure in the CIES	Adjustments between the Funding and Accounting Basis				Net Expenditure Chargeable to the General Fund & HRA
		Adjustments for Capital Purposes	Pensions Adjustments	Other Differences	Total Adjustments	
£000	£000	£000	£000	£000	£000	
Communities and Homes	3,373	(525)	37	32	(456)	2,917
Digital and Communications	(157)	(428)	26	27	(375)	(532)
Executive Director's Office	46	-	237	-	237	283
Finance and Performance	1,331	-	(85)	18	(67)	1,264
Growth and Investment	1,737	(12)	23	21	32	1,769
Housing Revenue Account	2,352	(9,076)	50	25	(9,001)	(6,649)
Legal and Governance	2,386	1,586	12	12	1,610	3,996
Leisure and Wellbeing	886	2	27	16	45	931
Operations and Traded	5,898	(1,086)	76	12	(998)	4,900
Regulation and Safety	1,056	(2)	25	14	37	1,093
Corporate Items	(36)	-	(72)	1	(71)	(107)
Cost of Services	18,872	(9,541)	356	178	(9,007)	9,865
Other income and expenditure	(24,898)	15,288	205	(3,584)	11,909	(12,989)
(Surplus) or Deficit	(6,026)	5,747	561	(3,406)	2,902	(3,124)

Opening General Fund & HRA Balances	(50,730)
Surplus/(Deficit) on General Fund in Year	(3,124)
Closing General Fund & HRA Balances	(53,854)

7. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice.

The General Fund Balance therefore summarises the resource that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial years. The balance, however, is not available to be applied to funding HRA activities.

Housing Revenue Account Balance

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

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Receipts Reserve

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

Capital Grants Unapplied

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

2024/25	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total usable reserves
	£000	£000	£000	£000	£000	£000
Adjustments to Revenue Resources						
<i>Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs (transferred to/from the Pensions Reserve)	411	77	-	-	-	488
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)		-	-	-	-	-
Council Tax and NDR (transfers to/from the Collection Fund)	5,284	-	-	-	-	5,284
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	(50)	(17)	-	-	-	(67)
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,835)	(6,143)	-	-	-	(8,978)
Total Adjustments to Revenue Resources	2,810	(6,083)	-	-	-	(3,273)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	13	2,378	-	(2,391)	-	-
Transfer of unattached capital receipts	31	-	-	(31)	-	-
Transfer of unconditional grants and contributions	33	-	-	-	(33)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,230	-	-	-	-	1,230
Capital expenditure charged against revenue balances	343	118	-	-	-	461
Total Adjustments between Revenue and Capital Resources	1,650	2,496	-	(2,422)	(33)	1,691

2024/25 continued	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total usable reserves
	£000	£000	£000	£000	£000	£000
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	4,494	-	4,494
Use of the Major Repairs Reserve to finance capital expenditure	-	-	3,055	-	-	3,055
Transfer of HRA depreciation costs to Major Repairs Reserve	-	2,992	(2,992)	-	-	-
Total Adjustments to Capital Resources	-	2,992	63	4,494	-	7,549
Total Adjustments	4,460	(595)	63	2,072	(33)	5,967

2023/24	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total usable reserves
	£000	£000	£000	£000	£000	£000
Adjustments to Revenue Resources						
<i>Adjustments by which income and expenditure included in the in comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs (transferred to/from the Pensions Reserve)	532	101	-	-	-	633
Financial Instruments (transferred to/from the Financial Instruments Adjustments Account)	(227)	-	-	-	-	(227)
Council Tax and NDR (transfers to/from the Collection Fund)	(3,012)	-	-	-	-	(3,012)
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	156	32	-	-	-	188
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	384	(6,792)	-	-	-	(6,408)
Total Adjustments to Revenue Resources	(2,167)	(6,659)	-	-	-	(8,826)
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	26	1,002	-	(1,028)	-	-
Transfer of unattached capital receipts	13	138	-	(151)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,297	-	-	-	-	1,297
Capital expenditure charged against revenue balances	263	5,890	-	-	-	6,153
Total Adjustments between Revenue and Capital Resources	1,599	7,030	-	(1,179)	-	7,450

2023/24 continued	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total usable reserves
	£000	£000	£000	£000	£000	£000
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	4,113	-	4,113
Use of the Major Repairs Reserve to finance capital expenditure	-	-	2,607	-	-	2,607
Transfer of HRA depreciation costs to Major Repairs Reserve	-	3,241	(3,241)	-	-	-
Total Adjustments to Capital Resources	-	3,241	(634)	4,113	-	6,720
Total Adjustments	(568)	3,612	(634)	2,934	-	5,344

8. Expenditure and Income Analysis by Nature

	2024/25	2023/24
	£000	£000
Expenditure		
Employee benefits expenses	24,308	22,035
Other service expenses	32,709	29,619
Depreciation	6,673	5,829
Amortisation	348	399
Impairment	2,675	3,528
Interest payments	1,636	1,631
Net interest on the net defined benefit liability	250	-
Precepts and levies	1,100	1,005
REFCUS	1,751	910
Gain / Impairment of financial assets	-	627
Loss on the disposal of assets	373	807
Total expenditure	71,823	66,390
Income		
Fees, charges and other service income	(10,898)	(10,758)
HRA dwelling rents	(18,113)	(16,945)
Net interest on the net defined benefit liability	-	(319)
Interest and investment income	(4,455)	(4,284)
Income from council tax, non-domestic rates	(19,082)	(13,090)
Government grants and contributions	(28,888)	(26,788)
Other income	(141)	(232)
Total income	(81,577)	(72,416)
(Surplus)/Deficit on the Provision of Services	(9,754)	(6,026)

9. Other Operating Expenditure

Other Operating Expenditure	2024/25	2023/24
	£000	£000
Parish Council Precepts	1,100	1,005
Other Income - Unattached Receipts	(31)	(151)
(Gains)/Losses on the disposal of non-current assets	373	807
Total	1,442	1,661

10. Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2024/25 £000	2023/24 £000
Interest Payable and similar charges	1,636	1,631
Net interest on the net defined benefit liability	250	(319)
Interest Receivable and similar income	(4,455)	(4,284)
Income and expenditure in relation to investment properties and changes in their fair value	(110)	(81)
(Gains)/Impairment of financial assets	-	627
Total	(2,679)	(2,426)

11. Taxation and Non-Specific Grant Income and Expenditure

Taxation and Non-Specific Grant Income	2024/25 £000	2023/24 £000
Council Tax Income	(10,039)	(9,546)
Retained Business Rates	(25,227)	(18,899)
Business Rates Tariff Payment	16,184	15,354
Non-ring-fenced Government grants	(7,568)	(6,101)
Capital grants and contributions	(3,657)	(4,941)
Total	(30,307)	(24,133)

12. Grant Income

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council and credited to the Comprehensive Income and Expenditure Statement 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.

Monies advanced as grants or 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 or Taxation and Non-Specific Grant line in the Comprehensive Income and Expenditure Statement.

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

Total Grants Credited to Taxation and Non-Specific Grant Income	2024/25	2023/24
	£000	£000
New Homes Bonus	(736)	(987)
Business Rates Section 31 Grants	(4,803)	(3,607)
Other Non-Specific Revenue Grants	(2,029)	(1,411)
Revenue Grants	(7,568)	(6,005)
Capital Grants Non-Conditional	(33)	-
Capital Grants Conditional	(3,499)	(4,447)
Capital Section 106 Funding Conditional	(125)	(495)
Capital Grants	(3,657)	(4,942)
Total	(11,225)	(10,947)

Grants included as income in the Net Cost of Services	2024/25	2023/24
	£000	£000
Credited to Services		
Department for Work and Pensions (DWP) - Housing Benefits Subsidy	(12,214)	(12,294)
Other DWP grants	(128)	(108)
MHCLG grants	(2,313)	(437)
Section 106 Contributions	(290)	(475)
Other Revenue Grants & Section 106 Funding	(688)	(1,685)
Revenue Grants and Contributions	(15,633)	(14,999)
MHCLG - Disabled Facilities Grant	(829)	(780)
Section 106 & Other Capital Conditional and Non-Conditional Funding	(844)	(62)
Capital Grants and Contributions	(1,673)	(842)
Total Grants Credited to Services	(17,306)	(15,841)

The Council has received the following grants and contributions that have yet to be recognised as income as there are conditions attached to them that require the monies to be returned to the awarding body if unspent on relevant expenditure. The balances at the year-end are as follows:

	2024/25 £000	2023/24 £000
Revenue Section 106 Funding	(5,726)	(5,072)
Other Revenue grants	(1,472)	(1,373)
Revenue Receipts Held in Advance	(7,198)	(6,445)
Other Capital grants	(1,154)	(2,367)
Capital Receipts Held in Advance	(1,154)	(2,367)
Total Receipts Held in Advance	(8,352)	(8,812)

The Council also holds grants to passport to recipients. The Council has determined that, in the allocation of these grants, it is acting as an agent of the Government as the terms of payment and the recipients are not determined by the Council, and the associated income and expenditure do not form part of the Council's Financial Statements. The balance left unpaid at the year-end is held as a creditor. Details of the funds received where the Council acts as agent are shown below.

Grants received where the Council acts as an Agent	31 March 2024 £000	Income £000	Expenditure £000	31 March 2025 £000
Dept of Business, Energy and Industrial Strategy - Creditor	(115)	-	-	(115)
Total	(115)	-	-	(115)

13. Property, Plant and Equipment

2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2024	206,707	43,065	13,293	8,190	967	3,490	4,846	280,558
Additions	4,981	-	1,707	848	-	-	17,987	25,523
Derecognition - disposals	(1,251)	-	(680)	(183)	-	-	-	(2,114)
Derecognition - componentisation	(1,426)	-	-	-	-	-	-	(1,426)
Reclassification	(1,287)	-	138	225	-	-	802	(122)
Revaluation Increases recognised in the Revaluation Reserve	(301)	(1,915)	-	-	-	15	-	(2,201)
Revaluation decreases recognised in the Provision of Services	(6,888)	331	-	-	-	42	-	(6,515)
Other movements in cost or valuation	1,221	2,010	98	(1)	-	9	(631)	2,706
At 31 March 2025	201,756	43,491	14,556	9,079	967	3,556	23,004	296,409
Depreciation and impairment								
At 1 April 2024	(44)	(620)	(6,712)	(3,546)	-	-	-	(10,922)
Charge for 2024/25	(2,844)	(1,518)	(1,304)	(364)	-	(8)	-	(6,038)
Derecognition - disposals	37	-	663	183	-	-	-	883
Impairment losses recognised in the revaluation reserve	-	-	-	-	-	-	-	-
Reclassification	1	-	-	-	-	-	-	1
Depreciation written out to the Provision of Services due to revaluation	3,090	2,103	-	-	-	8	-	5,201
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-	-	-	-	-
Other movements in cost or valuation	(284)	(127)	(35)	(1)	-	-	-	(447)
At 31 March 2025	(44)	(162)	(7,388)	(3,728)	-	-	-	(11,322)
Balance Sheet at 31 March 2025	201,712	43,329	7,168	5,351	967	3,556	23,004	285,087

2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Infrastructure Assets	Community Assets	Surplus Non-Operational Assets	Assets under Construction	Total
Cost or Valuation	£000	£000	£000	£000	£000	£000	£000	£000
At 1 April 2023	203,633	29,338	14,322	7,970	955	3,540	710	260,468
Additions	13,469	412	2,682	210	-	-	4,648	21,421
Derecognition - disposals	(537)	-	(3,697)	(16)	-	-	-	(4,250)
Derecognition - componentisation	(1,151)	-	-	-	-	-	-	(1,151)
Reclassification	337	284	40	26	12	(296)	(512)	(109)
Revaluation Increases recognised in the Revaluation Reserve	6,010	11,763	-	-	-	400	-	18,173
Revaluation decreases recognised in the Provision of Services	(11,838)	1,984	-	-	-	(154)	-	(10,008)
Other movements in cost or valuation	(3,216)	(716)	(54)	-	-	-	-	(3,986)
At 31 March 2024	206,707	43,065	13,293	8,190	967	3,490	4,846	280,558
Depreciation and impairment								
At 1 April 2023	(6,442)	(1,261)	(9,154)	(3,184)	-	(4)	-	(20,045)
Charge for 2023/24	(3,097)	(563)	(1,235)	(366)	-	(5)	-	(5,266)
Derecognition - disposals	16	-	3,623	4	-	-	-	3,643
Impairment losses recognised in the revaluation reserve	-	-	-	-	-	-	-	-
Reclassification	1	(9)	-	-	-	9	-	1
Depreciation written out to the Provision of Services due to revaluation	6,262	527	-	-	-	-	-	6,789
Impairment losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	(30)	-	-	-	-	-	(30)
Other movements in cost or valuation	3,216	716	54	-	-	-	-	3,986
At 31 March 2024	(44)	(620)	(6,712)	(3,546)	-	-	-	(10,922)
Balance Sheet at 31 March 2024	206,663	42,445	6,581	4,644	967	3,490	4,846	269,636

The statement below shows the progress of the Council's rolling programme for the revaluation of non-current assets and which assets (and their values) are reviewed in each of the five years.

	Council dwellings	Other land and buildings	Total non-current assets carried at current value	Assets carried at other value	Total Valuation (All Assets)
	£000	£000	£000	£000	£000
Valued at historical cost	-	11	11	34,900	34,911
Valued at current cost in:					
2024/25	201,712	43,318	245,030	5,134	250,164
2023/24	-	-	-	12	12
2022/23	-	-	-	-	-
2021/22	-	-	-	-	-
Total	201,712	43,329	245,041	40,046	285,087

14. Heritage Assets

	Art and Social History Collections	Monuments and Statues	Historic Sites/Buildings	Civic Regalia	Intangible	Total Assets
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1 April 2024	5,921	571	31,298	213	15	38,018
Revaluations	-	-	135	-	-	135
At 31 March 2025	5,921	571	31,433	213	15	38,153
Depreciation						
At 1 April 2024	(4)	(20)	(451)	-	(8)	(483)
Revaluations	-	-	(135)	-	-	(135)
Charge for year	-	(10)	(622)	-	(4)	(636)
At 31 March 2025	(4)	(30)	(1,208)	-	(12)	(1,254)
Net book value at 31 March 2025	5,917	541	30,225	213	3	36,899

	Art and Social History Collections	Monuments and Statues	Historic Sites/Buildings	Civic Regalia	Intangible	Total Assets
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
At 1st April 2023	5,921	571	28,379	213	15	35,099
Revaluations	-	-	2,919	-	-	2,919
At 31st March 2024	5,921	571	31,298	213	15	38,018
Depreciation						
At 1st April 2023	(2)	(10)	(578)	-	(4)	(594)
Revaluations	-	-	713	-	-	713
Charge for year	(2)	(10)	(586)	-	(4)	(602)
At 31st March 2024	(4)	(20)	(451)	-	(8)	(483)
Net book value at 31 March 2024	5,917	551	30,847	213	7	37,535

Revaluations of Heritage Assets

In accordance with the Council's accounting policy on Heritage Assets, valuations may be made by any method that is appropriate and relevant to the heritage asset. The art and social history collections and the civic regalia were valued for insurance purposes by external and internal valuers in 2022/23.

Historic sites, principally the Great Central Walk bridges, are assessed for insurance purposes by council engineers based on re-instatement costs. A revaluation of the bridges was undertaken in 2023/24.

Art Collections

The Council's collections of artwork is reported in the Balance Sheet at insurance valuation which is based on market values. The Rugby Art Collection was revalued by Michael Mays Consultancy in 2022/23. The collections include the following items:

- The Rugby Art Collection – 20th century and contemporary British art
- The Local Art Collection
- Andrew Varah Furniture
- Social History Collection – mainly donated artefacts
- Redding Collection – glass plate negatives

15. Investment Properties

	2024/25 £000	2023/24 £000
Balance at 1 April	721	690
Net gains/(losses) from fair value adjustments	59	31
Balance at 31 March	780	721

16. Intangible assets

	2024/25 £000	2023/24 £000
Balance at 1 April	788	1,076
Additions	172	76
Amortisation	(348)	(400)
Reclassifications	95	36
Balance at 31 March	707	788

17. Assets Held for Sale

	2024/25 £000	2023/24 £000
Balance at 1 April	72	76
Assets Sold	(69)	(76)
Revaluation gains/(losses)	(1)	-
Reclassification	83	72
Balance at 31 March	86	72

18. Financial Instruments

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

	31 March 2025		31 March 2024	
	Long Term £000	Short Term £000	Long Term £000	Short Term £000
Financial Assets				
At Amortised Cost	-	64,889	-	72,651
At Fair Value through Profit and Loss	95	4,359	95	5,770
Total Investments	95	69,248	95	78,421
Loans and Receivables	6,659	-	6,338	-
Cash and Cash Equivalents	-	3,430	-	183
Total Cash and Cash Equivalents	-	3,430	-	183
Trade Receivables	-	4,953	-	3,529
Included in Short term debtors	-	4,953	-	3,529
Total Financial Assets	6,754	77,631	6,433	82,133
Financial Liabilities				
Loans at Amortised Cost	(83,300)	(446)	(83,300)	(7,581)
Finance Lease	(48)	(42)	(38)	(22)
Short term creditors	-	(554)	-	(463)
Total Financial Liabilities	(83,348)	(1,042)	(83,338)	(8,066)

Income, Expense, Gains and Losses

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

	2024/25			2023/24		
	Financial Liabilities Measured at Amortised Cost £000	Financial Assets Measured at Amortised Cost £000	Financial Assets Measured at Fair Value through Profit and Loss £000	Financial Liabilities Measured at Amortised Cost £000	Financial Assets Measured at Amortised Cost £000	Financial Assets Measured at Fair Value through Profit and Loss £000
Interest Expense	(1,636)	-	-	(1,633)	-	-
Net loss on financial assets at fair value through profit and loss	-	-	-	-	-	(227)
Total Expense in Surplus/Deficit on the Provision of Services	(1,636)	-	-	(1,633)	-	(227)
Net gain on financial assets at fair value through profit and loss	-	-	-	-	-	-
Interest Income	-	4,210	245	-	3,422	838
Total Income in Surplus/Deficit on the Provision of Services	-	4,210	245	-	3,422	838
Gains on revaluation	-	-	-	-	-	227
Net Gain/(Loss) for the year	(1,636)	4,210	245	(1,633)	3,422	838

Fair Values of Assets and Liabilities

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

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2025 Fair Value	31 March 2024 Fair Value
			£000	£000
Fair value through profit and loss – CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,205	2,205
Fair value through profit and loss – CCLA Better Care World Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,961	1,961
Fair value through profit and loss – Lothbury Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	194	1,605
Fair value through profit and loss	Level 3	Unobservable inputs for asset / liability	95	95
			4,455	5,866

There were no transfers between input levels during the financial year 2024/25. There has been no change in valuation technique used during the year for financial instruments.

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

	31 March 2025		31 March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Assets held at amortised cost				
Corporate, Covered and Government Bonds	-	-	-	-
Long Term Investments	-	-	-	-
	-	-	-	-
Assets for which Fair Value is not disclosed				
Long Term Debtors and Advances	6,793	-	6,338	-
Short Term Investments	64,884	-	72,651	-
Cash and Cash Equivalents	3,430	-	183	-
Short term debtors	4,953	-	3,529	-
Sub-total	80,060	-	82,701	-
Total Financial Assets	80,060	-	82,701	-
Financial Liabilities at amortised cost				
Borrowing				
Public Works Loans Board	(70,000)	(23,269)	(70,016)	(26,668)
Other	(13,700)	(8,924)	(20,867)	(17,270)
Total Borrowing	(83,700)	(32,193)	(90,883)	(43,938)
Finance Lease	(87)	(87)	(59)	(59)
Short term creditors	(554)	(554)	(463)	(463)
Total Financial Liabilities	(84,341)	(32,834)	(91,405)	(44,460)

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value.

The fair values of financial instruments classified at amortised cost can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments using the following methods and assumptions:

- For loans from the Public Works Loan Board (PWLB) payable, the rates for new borrowing for loans of a similar term have been used to assess fair values.
- For non-PWLB loans payable, prevailing market rates have been used to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
 - No early repayment or impairment is recognised.
 - Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount

The fair values are calculated as follows:

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans at a lower rate than was available for similar loans in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

The fair value of PWLB loans of £23.269m compares the terms of these loans with the new borrowing rates available from the PWLB. However, if the Council were to seek to repay these loans early, it would benefit from a discount, based on redemption interest rates for premature repayment of £46.627m. The exit price for the PWLB loans including the discount would be £22.973m.

The fair value of financial assets held at amortised cost is slightly lower than their Balance Sheet carrying amount because the interest rate on similar investments is now higher than that obtained when the investment was originally made.

The input level the fair values of financial assets and financial liabilities that are not measured at fair value (but for which Fair Value disclosures are required) is Level 2.

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

19. Cash and Cash Equivalents

	31 March 2025 £000	31 March 2024 £000
Cash held by the Council	54	36
Bank current accounts	(962)	(1,375)
Call Accounts	4,338	1,522
	3,430	183

20. Debtors

	31 March 2025 £000	31 March 2024 £000
Amounts due within one year		
Central Government Bodies	2,274	1,028
Other local authorities	169	901
Homelessness	55	51
Rent payers	1,211	1,267
Collection Fund Debtors (taxpayers & preceptors)	9,449	9,926
Housing Benefit overpayments	618	658
Other entities and individuals	2,785	3,037
	16,561	16,868
Amounts due in more than one year		
Employee vehicle loans	33	67
Work in default	100	100
Loans to third parties	6,660	6,368
	6,793	6,535
Total	23,354	23,403

21. Creditors

	31 March 2025 £000	31 March 2024 £000
Amounts due within one year		
Central Government Bodies	(1,021)	(514)
Other local authorities	(1,222)	(418)
Rent payers	(498)	(457)
Collection Fund Creditors (taxpayers & preceptors)	(13,141)	(6,097)
Other entities and individuals	(4,974)	(5,760)
	(20,856)	(13,246)
Amounts due in more than one year		
Funds held on behalf of third parties	(639)	(639)
Retention payment held until scheme completion	(232)	(70)
	(871)	(709)
Total	(21,727)	(13,955)

22. Provisions

	2024/25			2023/24		
	Business Rates Appeals	Other	Total	Business Rates Appeals	Other	Total
	£000	£000	£000	£000	£000	£000
Short-Term Provisions						
Balance at 1 April	(274)	(559)	(833)	(96)	(159)	(255)
Additional Provision made in year	-	-	-	(46)	(400)	(446)
Amounts used in year	229	-	229	46	-	46
Transfer between Long Term and Short Term	(229)	-	(229)	(178)	-	(178)
Balance of Short-Term Provisions at 31 March	(274)	(559)	(833)	(274)	(559)	(833)
Long Term Provisions						
Balance at 1 April	(6,305)	-	(6,305)	(4,082)	-	(4,082)
Additional Provision made in year	(1,357)	-	(1,357)	(2,410)	-	(2,410)
Unused amounts reversed in year	3,102	-	3,102	-	-	-
Amounts used in year	-	-	-	9	-	9
Transfer between Long Term and Short Term	229	-	229	178	-	178
Balance of Long-Term Provisions at 31 March	(4,331)	-	(4,331)	(6,305)	-	(6,305)
Total Provision	(4,605)	(559)	(5,164)	(6,579)	(559)	(7,138)

Provision for Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. Billing authorities acting as agents on behalf of the major preceptors (10%), central Government (50%) and themselves (40%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

23. Usable reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement.

	31 March 2025 £000	31 March 2024 £000
General Fund balance	(2,250)	(2,250)
General Fund Earmarked reserves	(33,205)	(31,196)
Housing Revenue Account	(4,085)	(4,085)
Housing Revenue Account Earmarked reserves	(19,816)	(16,323)
Housing Revenue Account – Major Repairs Allowance	(6,127)	(5,802)
Usable Capital Receipts reserve	(12,500)	(14,572)
Unapplied Capital Grants reserve	(55)	(22)
Total Usable Reserves	(78,038)	(74,250)

24. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2025/26 and future years.

	31 March 2023 £000	Movement 2023/24 £000	31 March 2024 £000	Movement 2024/25 £000	31 March 2025 £000
General Fund					
Budget Stability Reserve	(2,844)	(169)	(3,013)	603	(2,410)
Business Rates Equalisation Reserve	(17,041)	301	(16,740)	(3,994)	(20,734)
Climate emergency reserve	(1,000)	-	(1,000)	104	(896)
Revenue Grants & Contributions from Third Parties	(205)	8	(197)	(349)	(546)
Section 106 (Developer) Contributions - Revenue	(1,937)	(120)	(2,057)	218	(1,839)
Town Centre Strategy Reserve	-	(4,810)	(4,810)	208	(4,602)
Transformation Reserve	(1,348)	(453)	(1,801)	323	(1,478)
Welfare Support Reserve	(412)	62	(350)	-	(350)
Other smaller reserves	(838)	(390)	(1,228)	878	(350)
Total General Fund Earmarked Reserves	(25,625)	(5,571)	(31,196)	(2,009)	(33,205)
HRA					
HRA - Climate Change Reserve	(976)	(537)	(1,513)	-	(1,513)
Housing Revenue Account Capital Balances	(17,435)	3,109	(14,326)	(3,294)	(17,620)
Sheltered Accommodation	(358)	(49)	(407)	(49)	(456)
HRA – Transformation Reserve	-	(77)	(77)	(150)	(227)
Total HRA Earmarked Reserves	(18,769)	2,446	(16,323)	(3,493)	(19,816)
Total Earmarked reserves	(44,394)	(3,125)	(47,519)	(5,502)	(53,021)

Budget Stability Reserve

There are various items within the Council's budget that are subject to significant degrees of volatility or variation from one year to another, often due to factors that are outside the Council's control or influence. This reserve assists the mitigation of such volatility by allowing the Council to call upon it in years where budget overspends occur and conversely replenish it in years where favourable variances arise.

Business Rates Equalisation Reserve

This reserve is established to mitigate future fluctuations in the business rates base alongside the risks faced by the Council through the anticipated changes in business rates baseline and fair funding.

Climate Emergency Reserve

The reserve has been established to support the Council's objective to move operations towards carbon neutrality by 2030.

Revenue Grants and Contributions from 3rd Parties

These are specific grant payments and contributions from 3rd parties which will be used to fund expenditure in the following year.

Section 106 Developer Contributions

These represent amounts of money paid to the Council during development for specific projects and agreements with developers for the provision of additional facilities as and when land or schemes become available to provide those facilities.

Town Centre Strategy Reserve

This reserve will be used for pump priming of projects within the Town Centre strategy.

Transformation Reserve

The reserve will help to facilitate significant service redesign which will support the delivery of the Corporate Strategy and in the achievement of delivering a balanced medium term financial plan.

Welfare Support Reserve

This reserve will be used to support the Council's housing acquisition plans to reduce temporary accommodation costs.

Other Smaller Reserves

The Council has set aside several smaller reserves to support projects or to cover deferred and delayed expenditure.

HRA Capital Investment Balances

An annual assessment is made on the need to support projects or to cover deferred and delayed expenditure relating to the HRA and related council house repairs and maintenance or capital projects.

25. Unusable Reserves

The following table shows the value of unusable reserve balances that have arisen as a result of accounting adjustments. These reserves are not available to spend.

	31 March 2025	31 March 2024
	£000	£000
Housing Act - Deferred Capital Receipt	(29)	(29)
Donated asset reserve	(60)	(60)
Revaluation Reserve	(89,402)	(90,051)
Capital Adjustment Account	(133,232)	(130,724)
Pooled Investment Funds Adjustment Account	281	281
Pension Reserve	4,842	5,502
Collection Fund Adjustment Account	(1,475)	3,809
Accumulated Absences Account	224	158
Total Unusable Reserves	(218,851)	(211,114)

Details of the significant unusable reserves are set out in further tables below.

Revaluation Reserve

This reserve represents mainly the balance of the gains and losses arising on the periodic revaluation of current assets.

	2024/25			2023/24
	General Fund £000	HRA £000	Total £000	Total £000
Opening Balance	(53,792)	(36,259)	(90,051)	(69,584)
Upward Revaluation of assets	(3,773)	(1,587)	(5,360)	(28,402)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,874	1,888	3,762	6,636
Surplus on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services	(1,899)	301	(1,598)	(21,766)
Difference between fair value depreciation and historical cost depreciation	1,240	677	1,917	1,160
Accumulated gains on assets sold or scrapped	-	330	330	139
Balance as at 31 March	(54,451)	(34,951)	(89,402)	(90,051)

Capital Adjustment Account

This account represents the amounts set aside from revenue resources or capital receipts to finance expenditure on non-current assets or for the repayment of loans as well as other capital financing transactions as required by the Accounting Code of Practice.

	2024/25 £000	2023/24 £000
Opening Balance	(130,724)	(121,664)
Reversal of Items relating to Capital Expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
General Fund charges for depreciation of non-current assets	3,681	2,588
HRA charges for depreciation of non-current assets	2,992	3,241
Revaluation and impairment loss: Property, Plant and Equipment	2,675	3,250
Amortisation of Intangible Assets	348	400
Changes in the Fair Value of investments	(60)	(31)
Revenue Expenditure funded from Capital under Statute	1,751	910
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	2,764	1,835
	14,151	12,193
Adjusting Amounts written out of the Revaluation Reserve	(2,247)	(1,299)
Net written out amount of the cost of non-current assets consumed in the year	11,904	10,894
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,494)	(4,113)
Capital expenditure charged against the General Fund and HRA balances	(461)	(6,153)
Use of the Major Repairs Reserve to finance new capital expenditure	(3,055)	(2,607)
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(5,173)	(5,784)
Provision for the financing of capital investment charged against the General Fund and HRA	(1,229)	(1,297)
	(14,412)	(19,954)
	(133,232)	(130,724)

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The 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 pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a 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 become payable.

	2024/25	2023/24
	£000	£000
Balance at 1 April	5,502	(4,252)
Remeasurement of the net defined benefit liability	(172)	10,387
Reversal of items relating to retirement benefits included in the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(488)	(633)
Balance as at 31 March	4,842	5,502

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the difference arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax and Business Rates payers compared with the statutory arrangements for paying across amounts to the General Fund.

	2024/25	2023/24
	£000	£000
Balance at 1 April	3,809	798
Difference between Council Tax and Business Rates income is accounted for in the Comprehensive Income and Expenditure Statements and the Collection Fund.	(5,284)	3,011
Balance as at 31 March	(1,475)	3,809

Accumulated Absences Account

This represents the holiday pay unpaid at 31 March 2025 but included in Gross expenditure for the year.

	2024/25	2023/24
	£000	£000
Balance at 1 April	158	345
Settlement or cancellation of accrual made at the end of the preceding year	(158)	(345)
Amounts accrued at the end of the current year	224	158
Balance as at 31 March	224	158

26. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

	2024/25 £000	2023/24 £000
Interest received	4,683	4,283
Interest paid	(1,793)	(1,520)

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

	2024/25 £000	2023/24 £000
Depreciation	6,673	5,828
Impairment	2,675	3,251
Amortisation of Intangible Assets	348	399
Increase/(Decrease) in Creditors	7,841	984
(Increase)/Decrease in Debtors	443	(1,982)
(Increase)/Decrease in Inventories	(121)	38
Movement in Pension Liability	(488)	(633)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2,764	1,836
Other non-cash items charged to the net surplus or deficit on the provision of services	(2,034)	2,770
Net cash flows from operating activities	18,101	12,491

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

	2024/25 £000	2023/24 £000
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,391)	(1,179)
Any other items for which the cash effects are investing or financing cash flows	(5,361)	(5,784)
	(7,752)	(6,963)

27. Cash Flow Statement – Investing Activities

	2024/25 £000	2023/24 £000
Purchase of property, plant and equipment, investment property and intangible assets	(25,611)	(21,453)
Purchase of short-term and long-term investments	(114,860)	(98,246)
Other payments for investing activities	-	(1,211)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,391	1,179
Proceeds from short-term and long-term investments	123,421	84,500
Other receipts from investing activities	4,803	7,962
Net cash flows from investing activities	(9,856)	(27,269)

28. Cash Flow Statement – Financing Activities

	2024/25 £000	2023/24 £000
Cash receipts/repayments of short-term and long-term borrowing	(7,000)	7,000
Repayments of short- and long-term borrowing	-	-
Other payments for financing activities	-	(4,386)
Net cash flows from financing activities	(7,000)	2,614

29. Councillors Allowances

The allowances and expenses paid to Councillors, Independents and the Mayor is as follows:

	2024/25 £000	2023/24 £000
Allowances	405	395
Employers' National Insurance	8	7
Expenses	20	4
Total	433	406

30. Officers' Remuneration

Benefits payable during employment

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

2024/25	Salary, Fees & Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total
Post Holder	£	£	£	£	£
Chief Executive (01/04/2024 to 31/01/2025)	137,829	-	48,590	19,436	205,855
Interim Chief Executive (14/02/2025 to 31/03/2025)	23,281	-	-	4,656	27,937
Deputy Chief Executive (01/04/2024 to 13/02/2025)	80,994	117	-	16,199	97,310
Chief Officer Finance & Performance	78,012	-	-	15,602	93,614
Chief Officer Legal & Governance	78,012	-	-	15,602	93,614
Chief Officer Regulation & Safety	72,033	-	-	14,407	86,440
Chief Officer Growth & Investment	72,033	43	-	14,407	86,483
Chief Officer Communities & Homes	72,033	-	-	14,407	86,440
Chief Officer Leisure & Wellbeing	72,033	-	-	14,407	86,440
Chief Officer Operations & Traded	72,033	89	-	14,407	86,529
Chief Officer Digital and Communications	71,107	185	-	14,221	85,513

2023/24	Salary, Fees, & Allowances	Expenses Allowances	Compensation for Loss of Office	Pension Contributions	Total
Post Holder	£	£	£	£	£
Chief Executive	113,771	-	-	22,754	136,525
Deputy Chief Executive	94,822	-	-	18,964	113,786
Chief Officer Finance & Performance	76,109	-	-	15,222	91,331
Chief Officer Legal & Governance	76,109	-	-	15,222	91,331
Chief Officer Regulation & Safety	67,051	-	-	13,530	80,581
Chief Officer Growth & Investment	70,276	74	-	14,055	84,405
Chief Officer Communities & Homes	67,652	-	-	13,532	81,184
Chief Officer Leisure & Wellbeing	67,651	-	-	13,530	81,181
Chief Officer Operations & Traded	67,651	-	-	13,530	81,181
Chief Officer Digital and Communications (01/04/23 to 22/12/2023)	51,858	-	-	9,820	61,678
Chief Officer Digital and Communications (05/02/2024 to 31/03/2024)	10,498	-	-	2,100	12,598

The number of other Council employees receiving more than £0.050m remuneration for the year (excluding employer's pension contributions) is shown in the table below.

Remuneration Band	2024/25	2023/24
	Number of employees	Number of employees
£65,000- £69,999	1	2
£60,000 - £64,999	3	-
£55,000 - £59,999	4	3
£50,000 - £54,999	8	11

Exit Packages

Exit Packages (Termination Benefits) are amounts payable because of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accrual's basis to the relevant service line in the Comprehensive Income and Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for restructuring.

Rugby Borough Council terminated the contracts of 9 employees in 2024/25 (6 in 2023/24), incurring liabilities of £0.129m (£0.111m in 2023/24). The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table following:

Exit package cost bands (including special payments)	Number of compulsory redundancies		Number of agreed other departures		Total number of exit packages by cost band		Total cost of exit packages in each cost band	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
							£	£
£0 - £20,000	-	-	6	4	6	4	20,342	25,253
£20,001- £40,000	-	-	2	1	2	1	60,000	27,140
£40,001- £60,000	-	-	1	1	1	1	48,590	58,817
Total	-	-	9	6	9	6	128,932	111,210

31. Audit Fees

The Council's external auditors are appointed through Public Sector Audit Appointments Limited (PSAA), who also agree the fees to be charged by the auditor.

	2024/25 £000	2023/24 £000
Fees payable for external audit services	181	180
Additional fees payable for external audit services in relation to previous years	56	29
Fees payable for the certification of grant claims and returns	40	40
Additional fees payable for the certification of grant claims and returns in relation to previous years	-	38
Redmond review grant from DLUHC	-	(18)
Fees payable in respect of other services provided by the auditor	-	10
Additional Fees payable in respect of other services provided by the auditor in relation to previous years	-	6
Total	277	285

32. Joint Operations

The council jointly operates the Rainsbrook Crematorium with West Northamptonshire Council with each council recognising 50% of income and expenditure. In 2024/25 the turnover was £1.277m and the surplus before capital charges was £0.411m. At 31 March 2025 the council had a creditor of £0.206m with West Northamptonshire for their share of the surplus.

In addition, building assets valued at £2.703m are jointly owned by the two councils with each recognising 50% of the assets and associated capital charges.

Rainsbrook Crematorium	2024/25 £000	2023/24 £000
Turnover	1,277	1,193
Surplus (Before Capital Charges)	411	429

Rainsbrook Crematorium Building Asset Valuation	2024/25 £000	2023/24 £000
Rugby Borough Council (50% Share)	1,351	1,231
West Northamptonshire Council (50% Share)	1,351	1,231
Total	2,703	2,462

33. 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 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

Central Government has effective control 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 the notes to these accounts.

Councillors and Chief Officers

Based on existing key data sources, no material related party transactions have been identified amongst either the councillors or chief officers.

Declarations are made under section 81 of the Local Government Act 2000 and the Local Authorities (Model Code of Conduct) (England) Order 2001. The following sources make up the Council's core elements for managing the risk of Fraud, Bribery and Corruption and are:

- **The Register of Councillors' Interests** – maintained in accordance with the Local Authorities (Members' Interests) Regulations 1992 (Statutory Instrument 1992/618).
- **Disclosure of direct or indirect pecuniary interests** - as defined by the Council's Code of Conduct for Councillors; and
- **The Staff Register of Interests** – maintained in accordance with the Council's Constitution and Anti-Fraud, Bribery and Corruption Strategy.

Senior council officers remuneration paid during 2024/25 is set out in Note 30 and Councillors allowances are stated in Note 29.

Other Public Bodies (subject to control by Central Government)

Based on a review of transactions made by the Council in 2024/25 the following transactions were made to or received from other public bodies.

- Nuneaton and Bedworth Borough Council (NBBC) paid (£0.027m) to Rugby Borough Council to meet the shared IT officer salary costs to provide Civica APP Support and Development.

Shared Service Arrangements

The council has the following shared service arrangements.

- Local Authority Emergency Planning Officer Scheme
- The HEART Partnership
- Procurement Services

Entities Controlled or Significantly Influenced by the Authority

The Council provided financial assistance to certain voluntary and outside bodies during 2024/25; these are mainly local Government associations or local groups that the Council supports with grant aid and advice.

Rugby First Ltd - BID Division - An amount of £0.447m was paid to the BID Company in 2024/25. An additional £0.308m was used to provide a CCTV Monitoring and Town Centre Management Service and £0.035m for contributions to the Coventry and Warwickshire Growth Hub and Social/Sporting Activities.

Queen's Diamond Jubilee Centre - Rugby Borough Council funded £0.278m in capital charges in 2024/25 and received (£0.331m) for the annual contract fee and profit share as per the contract agreement.

Other significant related parties

Sherbourne recycling – Sherbourne Recycling became operational in the summer of 2023 and provides a new state of the art materials recycling facility in Coventry on behalf of eight local authorities (Coventry City Council, North Warwickshire Borough Council, Nuneaton and Bedworth Borough Council, Rugby Borough Council, Stratford-on-Avon District Council, Solihull Metropolitan Borough Council, Walsall Council and Warwick District Council).

The Council holds 9% of the shares which are held as Long-Term Investments with a value of £0.095m. In addition the Council has advanced loans to the company in line with a loan agreement, the outstanding balance of the advances and accrued interest was £6.638m at the end of the year, with additional interest of £0.292m being accrued in year. The Council made payments to the company of £0.949m for services provided during the year from when they commenced operations.

34. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year, on an accruals basis, is shown below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the 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.

Capital commitments

At 31 March 2025, the Council had capital commitments of £7.809m (31 March 2024: £21.257m)

Capital Financing Requirement (CFR)

	2024/25 £000	2023/24 £000
Opening Capital Financing Requirement	93,768	90,443
Capital Investment:		
Property, Plant, and Equipment and Assets Held for Sale	25,611	21,423
Donated asset	-	-
Heritage Assets	-	-
Intangible Assets	172	77
Revenue Expenditure Funded from Capital under Statute	1,751	910
Long term loan	-	869
Capital Investment Total	27,534	23,279
Sources of Financing:		
Capital Receipts	(4,494)	(4,113)
Government Grants and Other Contributions	(5,173)	(5,784)
Sums Set Aside from Revenue	(461)	(6,153)
Use of Major Repairs Reserve	(3,055)	(2,607)
Minimum Revenue Provision / Voluntary Revenue Provision	(1,229)	(1,297)
Financing Total	(14,412)	(19,954)
Closing Capital Financing Requirement	106,890	93,768
(Increase)/Decrease in underlying need to borrow	(13,122)	(3,325)

35. Leases

Change in Accounting Policy and Transition to IFRS 16 Lease Accounting

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value (value less than £10,000) and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date
- the weighted average of the incremental borrowing rates used to discount liabilities was 2%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31 March 2024 and it was determined that there were none.

This has resulted in the following additions to the Balance Sheet:

- £0.127m Property, Plant and Equipment – land and buildings (right-of-use assets)
- £0.088m Non-current creditors (lease liabilities)
- £0.039m Current creditors (lease liabilities)

The Council as a Lessee

Right of Use Assets

As this is a new disclosure there are no 2023/24 comparator figures

Movement of Right of Use assets

Change in the value of the right-of-use assets held under lease by the Council:

	2024/25 £000
Opening balance at 1 April 2024	-
Recognition of Right of Use Assets	127
Additions	-
Revaluation	-
Depreciation and Amortisation	(40)
Disposals	-
	87

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

	2024/25 £000
Not later than one year	42
One to five years	48
More than five years	-
	90

Transactions under leases

The Council has acquired property and equipment by entering into leases. The expenditure charged across the Council in the CIES during the year in relation to leases was:

	2024/25 £000
Interest expense on lease liabilities	3
Expense relating to short-term leases	-
Expense relating to low-value leases	-
	3

Operating Leases

The Council has entered several short-term leases to provide temporary accommodation within the Borough. The future minimum lease payments receivable under the non-cancellable leases in future years are:

	2024/25 £000	2023/24 £000
Not later than one year	17	188
Later than 1 year and not later than 5 years	0	18
	17	395

As these are short-term leases, immaterial and no single asset is above £0.005m these remain as operating leases and have not been converted to a finance lease.

Finance leases

The Council holds a limited number of leases, relating to the lease of photocopiers and vehicles.

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

	31 March 2025	31 March 2024
	£000	£000
Not later than one year	42	43
Later than 1 year and not later than 5 years	48	95
	90	138

The Council as Lessor

Operating leases

The Council has leased out properties under operating leases for the provision of community services (such as sport facilities or community centres) or economic development purposes to provide local businesses with affordable accommodation.

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

	2024/25	2023/24
	£000	£000
Not later than one year	101	107
One to five years	234	293
More than five years	2,454	2,490
	2,789	2,890

36. Defined Benefit Pension Scheme

Pension Benefits

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

Transactions relating to Post-Employment Benefits

The Council recognises 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 required against council tax and HRA rents is based on the sums specified on the actuary certificate published as part of the valuation as at 1 April 2022, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and HRA via the Movement in Reserves Statement.

The movement in the pension scheme assets and liabilities together with the treatment of the corresponding transactions in the CIES and HRA are summarised in the following tables.

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current Service Costs	2,916	3,047	-	-
Past Service Costs	31	181	-	-
Employers contributions	(3,583)	(3,443)	(102)	(99)
Financing and Investment Income and Expenditure				
Net Interest Expense	207	(366)	43	47
Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services	(429)	(581)	(59)	(52)
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement				
Re-measurement of the net defined benefit liability comprising:				
Actuarial (gains)/losses arising on changes in financial assumptions	(18,671)	(6,898)	(48)	(18)
Actuarial (gains)/losses arising on changes in demographic assumptions	(213)	(742)	(2)	(9)
Other experience	(1,177)	3,966	2	(5)
Return on Plan Assets (excluding the amount included in the net interest expense)	680	(4,439)	-	-
IFRIC 14 adjustment to reduce the credit ceiling	19,257	18,532	-	-
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(124)	10,419	(48)	(32)

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for Post-Employment Benefits in accordance with the Code	(3,154)	(2,862)	(43)	(47)
Actual amount charged against the General Fund and HRA Balances for Pensions in the year:				
Employer's contributions payable to the scheme	3,583	3,443	-	-
Early payment transferred to pension liability	-	-	-	-
Retirement benefits payable to pensioners	-	-	102	99
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	429	581	59	52

Pension 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:

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Present Value of the Defined Benefit Obligation	(147,531)	(142,484)	(841)	(948)
Fair Value of Plan Assets	143,529	137,930	-	-
Net Liability Arising from the Defined Benefit Obligation	(4,002)	(4,554)	(841)	(948)

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

	2024/25 £000	2023/24 £000
Opening Balance at 1 April	137,930	128,160
Interest Income on Plan Assets	6,675	6,070
Return on Plan Assets, excluding the amount included in the net interest expense	(680)	4,439
Remeasurement gain/(loss) - other experience	-	-
Contributions from Employer	3,583	3,443
Contributions from Scheme Participants	1,051	971
Benefits Paid	(5,030)	(5,153)
Closing Balance at 31 March	143,529	137,930

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

	Local Government Pension Scheme		Discretionary Benefit Arrangements	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Opening Balance at 1 April	(142,485)	(122,877)	(948)	(1,032)
Current Service Cost	(2,916)	(3,047)	-	-
Interest cost	(5,871)	(5,704)	(43)	(47)
Contributions by Scheme Participants	(1,051)	(971)	-	-
Re-measurement (Gain)/Loss:				
Actuarial (gains)/losses arising from changes in financial assumptions	18,671	6,898	48	18
Actuarial (gains)/losses arising from changes in demographic assumptions	213	742	2	8
Other experience	1,177	(3,966)	(2)	6
IFRIC 14 adjustment to reduce the credit ceiling	(20,268)	(18,532)	-	-
Benefits Paid	5,030	5,153	102	99
Past Service Costs	(31)	(181)	-	-
Closing Balance at 31 March	(147,531)	(142,485)	(841)	(948)

Scheme assets comprise of:

	Period Ended 31 March 2025			
	Quoted £000	Unquoted £000	Total £000	Percentage of total assets £000
Asset Category				
Equity Securities: Other	-	-	-	-
Debt Securities				
Corporate bonds (investment grade)	15,457	-	15,457	11%
Other	-	7,606	7,606	5%
Private equity	-	9,902	9,902	7%
Real Estate				
UK Property	10,983	-	10,983	8%
Overseas Property	1,271	-	1,271	1%
Investment Funds and Unit trusts				
Equities	80,010	-	80,010	56%
Bonds	-	-	-	-
Infrastructure	-	15,856	15,856	11%
Cash & cash equivalents	2,444	-	2,444	2%
Closing Balance at 31 March	110,165	33,364	143,529	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method valuation, an estimate of the pensions that will be payable in future years' dependent on assumptions about mortality rate, salary levels, etc.

Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the scheme fund being based on the latest full valuation of the scheme as at 31 March 2025.

The significant assumptions used by the actuary have been:

	2024/25	2023/24
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	21.1	21.2
Women	23.9	23.9
Longevity at 65 for future pensioners (years):		
Men	21.5	21.6
Women	25.7	25.7
Financial assumptions		
Rate of increase in salaries	3.75%	3.75%
Rate of increase in pensions	2.75%	2.75%
Rate of discounting of scheme liabilities	5.80%	4.85%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the previous table. The sensitivity analysis shown in the next table has been determined based on reasonably possible changes on the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant.

The assumption in longevity, for example, assumes that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumption may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e.: on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the following sensitivity analysis did not change from those used in the previous period.

IAS19 - *Employee Benefits* requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out as follows.

Impact on the Defined Benefit Obligation in the Scheme		
	Approximate % increase to Employer Liability	Approximate Monetary Amount £000
0.1% decrease in Real Discount Rate	2%	1,820
1 year increase in member life expectancy	4%	4,290
0.1% Discount in the Salary Increase Rate	0%	66
0.1% increase in the Pension Increase Rate (CPI)	2%	1,805

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The county council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be undertaken as at 31 March 2025 and will be reported in 2026.

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 council is anticipating to pay £3.553m in contributions to the scheme in 2025/2026.

37. Contingent Assets and 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.

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.

The Council has no contingent assets or liabilities at 31 March 2025.

38. Accounting policies

1. Accruals of Income and Expenditure

The Council's revenue and capital activity is accounted for in the year that it takes place, by including sums due to or from the Council 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 in financing and investment income and expenditure for the income that might not be collected.

2. 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 investments that mature in no more than one month from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise because of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, that is, 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.

4. 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 authority 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 authority in accordance with statutory guidance (England and Wales) or the statutory repayment of loans fund advances (Scotland)]. Depreciation, revaluation and impairment losses, and amortisation are therefore replaced by the contribution in the General Fund balance [MRP or the statutory repayment of loans fund advances], by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

5. Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the collection fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

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

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

6. 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 salaries, wages and other employment related payments and are recognised as an expense in the year in which the service is rendered by the employees. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end which employees can carry forward into the following financial year. The accrual is made at the wage and salary rates applicable in the in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that leave benefits are charged to revenue in the financial year in which the leave of absence occurs.

Termination Benefits

Termination benefits are amounts payable because of the Council's decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service line in the Comprehensive Income & Expenditure Statement when the Council can no longer withdraw the offer of those benefits or when the Council recognises the costs for restructuring.

Pension Costs

Pension Benefits

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

The pension scheme is operated under the framework of the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Investment sub-committee of Warwickshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

Statutory provisions require the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund 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 Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and Housing Revenue Account of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Recognition and Measurement

The LGPS is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, which is 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 and projections of future earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.75% (broadly equivalent to the yield available on high quality corporate bonds with duration, consistent with the term of the liabilities).
- The fair value of the assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Market quoted investments – current bid price on the final day of the accounting period
 - Fixed interest securities – net market value based on their current yields
 - Unquoted investments – professional estimate

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

Service Cost - comprising:

- Current year service cost – the increase in the liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increases in liabilities because of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined 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.

Remeasurements - comprising:

- The return on plan assets – excluding amounts including in net interest on the net defined benefit liability/(asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

7. Events after the Reporting Period

Events taking place 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 Accounts are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of 2024/25 – the Accounts are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the 31 March 2025 – the Accounts are not adjusted to reflect such events, but where a category of events

would have a material effect, disclosure is made of the nature of the event and their estimated financial effect.

8. 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 (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the Council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid.

The reconciliation of amounts charged to the CIES to the net charge required against the General Fund and Housing Revenue Account Balances is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

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

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council 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 Council, 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.

Expected Credit Loss Model

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

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 of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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 fair value measurements of the financial assets are based on the following techniques:

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

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the 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.

9. Government Grants and Contributions**Grants**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council and credited to the Comprehensive Income and Expenditure Statement 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.

Monies advanced as grants or 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 or Taxation and Non-Specific Grant line in the Comprehensive Income & Expenditure Statement.

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

reserve. Amounts in the Capital Grant Unapplied reserve are subsequently transferred to the Capital Adjustment Account once they have been used to fund capital expenditure.

Revenue from contracts with customers

Where revenue is charged or received for goods or services provided to customers there will be an assessment of this income following the following 5 step approach.

- 1) Identify contract - agreement that creates enforceable rights and obligations
- 2) Identify performance obligations in the contract
- 3) Determine transaction price
- 4) Allocate transaction price to performance obligations
- 5) Recognise revenue when or as an entity satisfies performance obligations

The outcome of this evaluation will determine how this will be accounted for within the statement of accounts.

10. Heritage Assets

Heritage assets are assets that are held by the Council principally for their contribution to knowledge and culture. They are a distinct class of asset which is reported separately from Property, Plant, and Equipment. Previously the majority of these assets had been held as Community Assets with the exception of one or two which were held in Infrastructure Assets or Other Land and Buildings. The heritage assets held by the Council have been categorised as follows:

- Art & Social History Collections
- Monuments & Statues
- Historic sites / buildings
- Civic Regalia

The Code requires councils to recognise heritage assets where the Council has information on the cost or value of the asset. However, the unique nature of many heritage assets makes reliable valuation complex. Where it is not practical to obtain a valuation for an asset (at a cost which is commensurate with the benefits to users of the Financial Statements) and cost information is available, the asset will be carried at historical cost (less any accumulated depreciation, amortisation and impairment losses) as permitted by the Code.

Valuations may be made by any method that is appropriate and relevant to the heritage asset: this includes insurance valuations for museum collections, monuments & statues, historic sites, and civic regalia. It is not a requirement of the Code for valuations to be carried out or verified by external valuers. Although there is no prescribed minimum period between full valuations, the Council considers it appropriate to seek a full valuation every five years.

Impairment reviews will only take place where there is physical deterioration or new doubts as to the authenticity of the heritage asset. Any impairment recognised will be treated in accordance with the Council's policy on impairments.

11. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance are identifiable and controlled by the Council is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Normal examples are those of software or software licences, which are initially recognised at cost, and which have a useful life, of 3 –10 years and the depreciable amount is therefore written down over that useful life.

12. Interests in Companies and Other Entities

The authority has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures and currently it is not required to prepare group accounts.

The interests in companies and other entities are recorded as financial assets at cost, less any provision for losses in the authority's own single-entity accounts.

13. Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Long-term contracts are accounted for based on charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

14. Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. 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 & Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustments Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- Its assets, including any held jointly
- Its liabilities, including any share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its expenses, including its share of any expenses incurred jointly

The Council has a 50% interest in the Rainsbrook Crematorium Joint Committee with the other 50% relating to West Northamptonshire Council. The decision making and operational arrangements of the Joint Committee fulfil the features associated with a jointly controlled operation in that:

- Each operator incurs its own expenses and liabilities and raises its own finance, which represent its own obligations; and
- The joint operation agreement provides a means by which the revenue from the service and any expenses incurred in common are shared among the operators.

Therefore, in line with the contractual arrangements set out in the joint agreement, the Council recognises its share of the operational assets and liabilities of the Joint Committee on its Balance Sheet and debits and credits the Comprehensive Income and Expenditure Statement with 50% of the expenditure and income of the Joint Committee. This is also recognised in the Movement in Reserves Statement and the Cash Flow Statement as appropriate.

16. Leases

The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. This includes arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

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.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in

the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve (England and Wales) or capital receipts reserve (Scotland)] 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 (England and Wales).]

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

17. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

18. 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 it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as a revenue expense when it is incurred. The Council has established a de-minimis level of £10,000. Expenditure on assets under this level is not capitalised within the Accounts and the assets are fully depreciated within the year.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have any 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:

- Infrastructure assets, community assets and assets under construction are carried at historic cost, net of depreciation where appropriate.
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. This includes assets such as the Queen's Diamond Jubilee Leisure Centre, Benn Hall, and the John Barford Car Park.

Where non-property assets have short useful lives and/or low values, for example, vehicles and IT equipment, they are measured at depreciated historical cost as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Land and building assets under £10,000 are not revalued except for investment properties. Increases in valuation are matched by credits to the Revaluation Reserve to recognise unrealised gains or may be credited to the Comprehensive Income & Expenditure Statement to reverse a previous downward revaluation.

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

- 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 in the Comprehensive Income & 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 Account.

Impairment

Assets are assessed at each year-end to determine 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 as per decreases in value noted above.

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

Impairment Losses

A total of £30,000 of impairment, relating to Woodside Park, was recognised in the year following the Council's annual asset review.

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 useful life (i.e., freehold land and Community Assets) and assets that are not yet available for use (i.e., assets under construction).

Where depreciation is provided for, assets are depreciated using the straight-line method over the following periods:

- Dwellings and other buildings – between 5 and 60 yrs.
- Vehicles, plant and equipment – between 3 and 25 yrs.
- Infrastructure – between 7 and 40 yrs.

Depreciation is charged on council dwellings in the year of disposal.

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

Componentisation

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a threshold of £500,000 for determining whether an asset needs to be componentised and an individual asset cost of more than 25% to determine whether an asset is considered as a component.

The carrying amount of a replaced or restored part of an asset (component) is derecognised, with the carrying amount of the new component being recognised subject to the principles set out in Recognition and Measurement above. This recognition and derecognition takes place regardless of whether the replaced part had been depreciated separately.

Subsequent Expenditure on Property Plant and Equipment

Subsequent costs incurred on an asset previously recognised as Property, Plant and Equipment will only be capitalised if they result in items with physical substance and meet the recognition principle that

- It is probable that future economic benefits or service potential associated with the item will flow to the Council; and
- The cost of the item can be measured.

Exceptions to the general approach of comparing the outcome of expenditure compared to previously assessed levels of performance:

- Where subsequent expenditure will actually increase the level of performance of an asset in generating economic benefits or providing service potential but does not increase the level of performance previously assessed by the Council for that asset, then the assessment can be updated (through a revaluation adjustment) and the new expenditure capitalised.
- Where subsequent expenditure represents the replacement of a component of an existing asset provided that the old component can be written out of the Balance Sheet

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposal are credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement 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 in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal of £10,000 or more are categorised as capital receipts, whereas amounts below £10,000 are classed as revenue income. A proportion of receipts relating to Right-to-Buy housing disposals are 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. Receipts are appropriated to the Reserve from the General Fund or HRA Balance in the Movement in Reserves Statement.

The writing off of the remaining net book value of assets which are disposed of is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and its 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 & Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

19. Provisions, Contingent Liabilities & Contingent Assets

Provisions

Provisions represent amounts set aside to meet future liabilities which are likely or certain to be incurred but where it is not possible to determine exactly the amounts or timing of such events.

Provisions in respect of bad and doubtful debts are maintained, including amounts relating to rent, council tax and business rate arrears, which have been estimated in accordance with recommended practice and past experience and are charged as an expense to the appropriate

service line in the Comprehensive Income & Expenditure Statement. When payments are eventually made, these are charged to the provision carried in the Balance Sheet.

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 are disclosed in a note to the Accounts.

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 are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

20. Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance 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, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

21. Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

22. Value Added Tax (VAT)

VAT is included in service revenue or capital income and expenditure accounts only when it is not recoverable.

23. Fair Value Measurement of Non-Financial Assets

The authority's accounting policy for fair value measurement of financial assets is set out in note 17. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market

participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

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

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

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

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

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

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

39. Nature and Extent of Risks Arising from Financial Instruments

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

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

The Council's overall risk management procedures focus on the unpredictability of financial markets and the implementation of restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act.

The Council manages risk in the following ways:

- **by formally adopting** the requirements of the Code of Practice.
- **by approving annually** in advance prudential and treasury indicators for the following three years limiting
 - The Council's overall borrowing
 - Its maximum and minimum exposures to fixed and variable rates
 - Its maximum and minimum exposures to the maturity structure of its debt
 - Its maximum annual exposures to investments maturing beyond a year

- **by approving an investment strategy** for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

Credit risk

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

This risk is minimised through the Annual Treasury Management Strategy, which stipulates limits on credit criteria, deposit amounts and duration for deposits with each financial institution. Details of the Investment Strategy can be found on the Council's website.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality counterparties and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

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

Liquidity risk

There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments as the Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and the PWLB, whilst providing access to longer term funds, also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council manages its liquidity position through the risk management procedures outlined as well as through cash flow management procedures required by the Treasury Code of Practice.

The maturity analysis of financial assets held as investments is as follows:

	31 March 2025 £000	31 March 2024 £000
Less than one year	64,889	72,651
Between one and two years	-	-
Between two and three years	-	-
More than three years	-	-
Total	64,889	72,651

Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. To mitigate the longer-term risk to the Council relating to managing the exposure to replacing financial instruments as they mature, the Council approves Prudential Indicator limits and an annual Treasury Management Strategy.

The Financial Services team address the operational risks within the approved parameters, by.

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt

- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's Day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved maximum limits	Approved minimum limits	Actual 31 March 2025	Approved maximum limits	Approved minimum limits
	%	%	£000	£000	%
Less than one year*	75	-	1,000	1,000	-
12 months to 2 years	75	-	700	700	-
Between 2 and 5 years	75	-	-	-	-
Between 5 and 10 years	75	-	-	-	-
Between 10 and 20 years	75	-	500	500	-
Between 20 and 30 years	75	-	500	500	-
Between 30 and 40 years	75	-	10,421	10,421	-
More than 40 years	75	-	70,179	70,179	-
Total			83,300		

* Excludes short-term borrowing less than 365 days.

Market risk

Interest rate risk - The Council is exposed to interest rate movements on its borrowings and investments. For instance, rises variable and fixed interest rates would have the following effects:

- 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 borrowing liability will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- 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 Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, subject to influences from Government grants. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has several strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. A prudential

indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure.

The Financial Services team monitors market and forecast interest rates within the year to adjust exposures appropriately. A 1% change in variable interest rates would be immaterial to the Council because it has no variable rate debt and a small value of variable rate investments.

Foreign exchange risk –the Council has no financial assets or liabilities denominated in foreign currencies.

Transition to IFRS 9 Financial Instruments

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1 April 2018. The main changes included the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets.

The Council has made the following judgement when classifying financial instrument.

Statutory Override on pooled investments

The Council holds £4.6m (nominal) in pooled investment funds. As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (DHLUC) agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9, initially, for five years commencing from April 2018, with a two year extension announced in 2023. On 25 March 2025 the Government announced that the IFRS 9 statutory override in local government will be extended until 31 March 2029 for existing investments held at 1 April 2024. The Council uses the statutory override to account for any changes in the fair value on its pooled investments.

Housing Revenue Account (HRA)

Income and Expenditure Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and Government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, based on which rents are raised, is shown in the Movement on the HRA Statement.

	2024/25 £000	2023/24 £000
Income		
Dwelling Rents	(18,113)	(16,809)
Non-dwelling rents	(118)	(121)
Charges for services	(1,133)	(1,159)
Contributions towards expenditure	(153)	(159)
Total Income	(19,517)	(18,248)
Expenditure		
Repairs and maintenance	5,609	5,482
Supervision and management	6,341	5,928
Rents, rates, taxes and other charges	248	334
Depreciation and impairment of non-current assets	6,404	9,076
Total Expenditure	18,602	20,820
Net (Income)/Expenditure or Income of HRA Services as included in the Comprehensive Income and Expenditure Statement	(915)	2,572
HRA Share of Corporate and Democratic Core costs	353	318
Net (Income)/Expenditure of HRA Services	(562)	2,890
(Gain) or Loss on sale of HRA non-current assets	369	624
Interest payable and similar charges	1,104	1,111
Interest and investment income	(1,475)	(1,292)
Pension interest and expected return on pension assets	39	(676)
Capital grants and contributions receivable	(2,855)	(4,047)
Increase in Provision for Bad Debts	94	97
(Surplus)/Deficit for the year on HRA services	(3,286)	(1,293)

Movement on the HRA Statement

	2024/25 £000	2023/24 £000
HRA revenue balance brought forward	(4,085)	(4,085)
(Surplus) or Deficit for the year on the HRA Income and Expenditure Account	(3,285)	(1,293)
Adjustments between accounting basis and funding basis under statute	(595)	3,611
Net (increase) or decrease before transfers to or from reserves	(3,880)	2,318
Transfers to or (from) earmarked reserves	3,880	(2,318)
(Increase) or decrease in the HRA Revenue Balance	-	-
HRA revenue balance carried forward	(4,085)	(4,085)

Note to the Movement on the HRA Statement

	2024/25 £000	2023/24 £000
Adjustments between accounting basis and funding basis under statute		
Depreciation of non-current assets	(2,992)	(3,241)
Revaluation movements and impairment on non-current assets, charged to the Comprehensive Income and Expenditure Statement	(3,096)	(5,672)
Amortisation of intangible assets	(164)	(163)
Amounts of non-current assets written off on disposal or sale	(2,746)	(1,763)
Sale proceeds credited as part of the gain/loss on disposal	2,378	1,001
Transfer to Accumulated Absences account	(17)	32
Capital expenditure financed from revenue balances	118	5,890
Capital grants and contributions applied	2,855	4,047
Transfer of Unattached Receipts to the Capital Receipts Reserve	-	138
Net charges made for retirement benefits (IAS 19)	77	101
Reversal of Major Repairs Allowance credited to the HRA	2,992	3,241
Statutory provision for the financing of capital investment	-	-
	(595)	3,611

	2024/25 £000	2023/24 £000
Transfers to or (from) earmarked reserves		
Transfer to or (from) Housing Repairs Account	-	15
Transfer to or (from) HRA Capital Investment balances	3,294	(3,753)
Transfer to or (from) HRA Climate change reserve	-	537
Transfer to or (from) HRA Sheltered Housing reserve	49	49
Transfer to or (from) HRA Transformation reserve	150	77
Transfer to or (from) Major Repairs	387	742
Transfer to or (from) other earmarked reserves	-	15
	3,880	(2,318)

Notes to the Housing Revenue Account

Note 1 HRA Assets

The number and types of dwellings in the Council's housing stock is as follows:

	2024/25	2023/24
Houses/Bungalows (including part-ownerships)	2,116	2,123
Flats	1,340	1,339
	3,456	3,462

The change in the stock was as follows:

	2024/25	2023/24
Stock at 1 April	3,462	3,653
Less sales (including part-ownership)	(19)	(9)
Less removal from stock	-	(220)
Add: new build properties	7	-
Add: purchase of properties	6	38
Stock at 31 March	3,456	3,462

The balance sheet includes HRA assets as detailed below:

	2024/25 £000	2023/24 £000
Balance Sheet values as at 31 March		
Operational Assets: Dwellings	201,712	206,662
Operational Assets: Other Land and Buildings	449	288
Operational Assets: Equipment	644	646
Operational Assets: Infrastructure	744	780
Non-Operational Assets	975	983
Assets Under Construction	20,242	4,251
	224,766	213,610

Note 2. Vacant Possession

	2024/25 £000	2023/24 £000
Vacant Possession Value of Dwellings as at 31 March	496,737	501,599
Balance Sheet Value of Dwellings	(198,695)	(200,640)
Economic cost to Government	298,042	300,959

The vacant possession value of the dwellings is the equivalent of the market value of the properties. For balance sheet purposes it is necessary to adjust this value to show the cost of the properties at social value. This represents a value for a property if it were sold with sitting tenants enjoying rents at less than open market rents and rights such as Right to Buy. The difference between the two values represents the economic cost to the Government of providing council housing at less than open market rents. An adjustment factor is provided by the Government, which measures the difference between market and local authority rents at a regional level. The adjustment factor for Rugby is set at 40%.

Note 3. Major Repairs Reserve

The Major Repairs Reserve is an earmarked reserve for the capital financing of the planned element of replacement expenditure on council houses.

	2024/25 £000	2023/24 £000
Balance at 1 April	(5,802)	(5,061)
Amount transferred to Major Repair Reserve during the year	(2,992)	(3,241)
Appropriations to or (from) HRA Revenue	(387)	(107)
Capital financing	3,055	2,607
Balance at 31 March	(6,126)	(5,802)

Note 4(i). HRA Capital Expenditure and Financing

The following table provides a summary of total capital expenditure on land, houses and other property within the Council's HRA during the financial year, broken down by sources of funding:

	2024/25 £000	2023/24 £000
Expenditure:		
Council dwellings	5,789	13,469
Other assets	28	97
Other expenditure	14,599	4,252
Subtotal:	20,416	17,818
Financed by:		
Direct Revenue Finance	(355)	(5,461)
Government Grant	(4,047)	(4,047)
Right to Buy Receipts	(1,866)	(1,866)
Major Repairs Reserve	(2,966)	(2,607)
Capital Reserves	(428)	(429)
Borrowing	(10,754)	(3,408)
Subtotal:	(20,416)	(17,818)

Note 4(ii). HRA Capital Receipts

The following table provides a summary of total capital receipts from disposals of land, houses and other property within the Council's HRA during the financial year:

	2024/25 £000	2023/24 £000
Sales of Council Houses under Right to Buy (RTB)	(2,378)	(1,001)
RTB Discounts repaid	-	-
Sale of miscellaneous HRA land	-	(138)
	(2,378)	(1,139)

Note 5. Depreciation of Property Plant and Equipment

The following table provides a summary of the charges for depreciation for the land, houses and other property within the Council's HRA:

	2024/25 £000	2023/24 £000
Operational Assets		
Dwellings, other land, buildings	2,842	3,097
Equipment	111	106
Non-operational assets	37	37
	2,990	3,240

A full valuation of the stock must be undertaken every 5 years. The latest one was carried out as at 31 March 2025.

Note 6. Contribution to/from Pensions Reserve

The HRA share of IAS19 Employee Benefits pension adjustments is based on the number of employees charged to the HRA. Also see Note 36 Defined Benefit Pension Scheme and the Pensions Reserve information in Note.

Note 7. Tenant Arrears

During 2024/25 rent arrears as a proportion of gross rental income have changed from 6.26% of the amount due to 6.00%. The figures, excluding service charges and debts of up to three weeks are as follows:

	2024/25	2023/24
	£000	£000
Arrears of current tenants (not including current weeks)	326	425
Arrears of former tenants	762	620
Total tenants' arrears at 31 March	1,088	1,045

Bad Debts

The level of bad debt provision is calculated with reference to the HRA (Arrears of Rents and Charges) Directions 1990. An analysis of the Bad Debt Provision Account is as follows:

	2024/25	2023/24
	£000	£000
Balance at 1 April	(645)	(555)
Write off/Write on	-	7
Provision made in the year	(94)	(97)
Balance as at 31 March	(739)	(645)

Collection Fund Statement

The collection fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

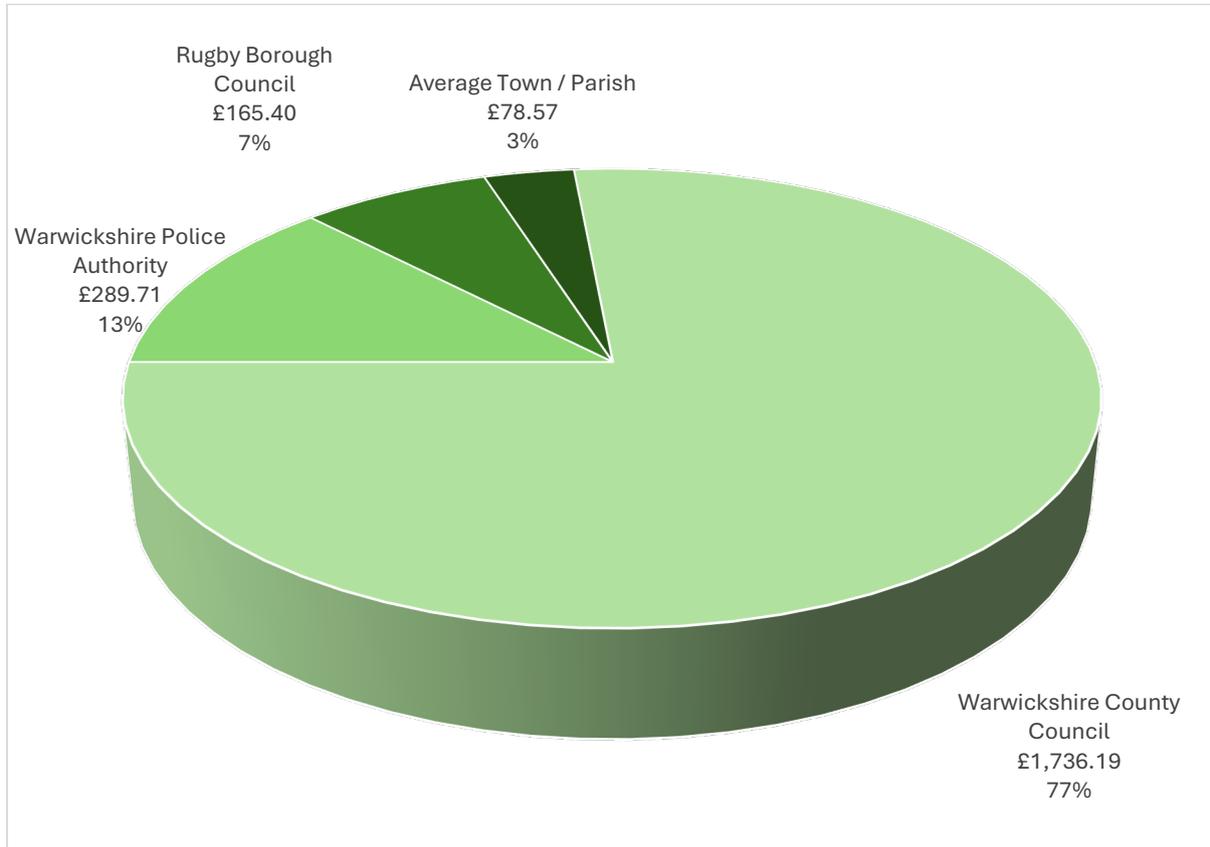
	2024/25			2023/24
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
INCOME				
Council Tax Receivable	-	(93,729)	(93,729)	(88,042)
Business Rates Receivable	(68,828)	-	(68,828)	(59,248)
Transitional Protection Payments Receivable	-	-	-	-
	(68,828)	(93,729)	(162,557)	(147,290)
Contribution to Previous Year Estimated Deficit				
Central Government	(2,631)	-	(2,631)	(853)
Warwickshire County Council	(526)	-	(526)	(171)
Rugby Borough Council	(2,105)	-	(2,105)	(682)
	(5,262)	-	(5,262)	(1,706)
Total Income	(74,090)	(93,729)	(167,819)	(148,996)
EXPENDITURE				
Transitional Protection Payments	471	-	471	-
Distribution of Previous Year Estimated Surplus				
Central Government	-	-	-	-
Warwickshire County Council	-	185	185	487
Rugby Borough Council	-	26	26	70
Police and Crime Commissioner for Warwickshire	-	31	31	81
	-	242	242	638
Precepts, Demands and Shares				
Central Government	32,408	-	32,408	31,039
Warwickshire County Council	6,482	71,142	77,624	73,069
Rugby Borough Council	25,926	9,997	35,923	34,360
Police and Crime Commissioner for Warwickshire	-	11,871	11,871	11,189
	64,816	93,010	157,826	149,657

	2024/25			2023/24
	Business Rates £000	Council Tax £000	Total £000	Total £000
Charges to Collection Fund				
Write offs of uncollectible amounts	90	(312)	(222)	(109)
Less: Increase / (Decrease) in Bad Debt Provision	318	655	973	420
Less: Increase / (Decrease) in Provision for Appeals	(4,364)	-	(4,364)	6,139
Appeals and List Alterations	(571)	-	(571)	(138)
Cost of Collection Allowance	136	-	136	137
Disregarded Amounts	22	-	22	22
	(4,369)	343	(4,026)	6,471
Total Expenditure	60,918	93,595	154,513	156,766
Movement on Fund				
(Surplus)/ Deficit arising during the year	(13,172)	(134)	(13,306)	7,770
(Surplus)/ Deficit arising at 1 April	9,560	(139)	9,421	1,651
(Surplus)/ Deficit arising at 31 March	(3,612)	(273)	(3,885)	9,421

Notes to the Collection Fund Statement

Note 1. Council Tax

The Council is required to calculate a tax base each year, and this is divided into the total precept requirement for Warwickshire County Council, the Police and Crime Commissioner for Warwickshire and the Borough Council to produce the average band D council tax figure of £2,269.87 for 2024/25.



The tax base is calculated by estimating the number of chargeable dwellings in each valuation band, considering an estimate of additions and deletions during the year, and adjusted for the effects of various reliefs, exemptions, and discounts, where applicable.

This is converted to an equivalent number of band D dwellings. Finally, an adjustment is made to cover non-collection of arrears. A summary of the calculation is shown in the following table.

Band	No. of Chargeable Dwellings	Ratio	Band D Equivalent
A-	8.187	5/9	4.55
A	6,134.74	6/9	4,089.83
B	9,407.45	7/9	7,316.90
C	10,392.53	8/9	9,237.80
D	6,605.30	9/9	6,605.30
E	5,012.79	11/9	6,126.75
F	3,353.88	13/9	4,844.50
G	1,824.08	15/9	3,040.14
H	75.077	18/9	150.15
			41,415.91
		Less allowance for non-collection	(579.78)
		Contributions in lieu (MOD properties)	139.78
		COUNCIL TAX BASE 2024/25	40,975.91

(Band A- relates to a reduction for persons with disabilities on Band A)

The tax base multiplied by the average band D council tax of £2,269.87 provided an original estimate of income of £93.010m for 2024/25. The actual income for 2024/25 was £93.729m thus above expectations by 0.77%.

Note 2. Business Rates (National Non-Domestic Rates)

The business rates retention scheme provides for non-domestic rates collected by a billing authority to be shared between it, its major precepting authority and Central Government.

The Council collects non-domestic rates for its area, based on local rateable values multiplied by a national rate. The total rateable value for the Rugby Borough area was £153.591m at 31 March 2025 (£144.689m at 31 March 2024). The non-domestic rating multiplier for 2024/25 was 54.6p (51.2p in 2023/24) and the small business non-domestic rating multiplier was 49.9p (49.9p in 2023/24).

Note 3. Collection Fund Balance Apportionment

The net surplus on the Collection Fund as at 31 March 2025 of £3.884m will be split between the authorities and recovered in 2025/26 in the following proportions:

	2024/25			2023/24
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
Central Government	(1,806)	-	(1,806)	4,780
Warwickshire County Council	(361)	(207)	(568)	850
Police and Crime Commissioner for Warwickshire	-	(35)	(35)	(18)
Rugby Borough Council	(1,445)	(30)	(1,475)	3,809
	(3,612)	(272)	(3,884)	9,421

The Balance Sheet as at 31 March 2025 will include a net creditor/debtor for each of the precepting authorities' share of the Collection Fund (surplus)/deficit.

The Council's share of the net surplus on the Collection Fund of £1.475m (2023/24 £3.809m net deficit) is recognised in the Comprehensive Income and Expenditure Statement in 2024/25 but reversed out to the Collection Fund Adjustment Account in the Movement in Reserves Statement.

Note 4. Collection Fund Adjustment Account

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

	2024/25			2023/24
	Business Rates	Council Tax	Total	Total
	£000	£000	£000	£000
Balance at 1 April	3,824	(15)	3,809	798
Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements.	(5,269)	(15)	(5,284)	3,011
Balance at 31 March 2025	(1,445)	(30)	(1,475)	3,809

Note 5. Coventry and Warwickshire Business Rates Pool

The Council has been part of the Coventry and Warwickshire Business Rates Pool since the introduction of the Business Rates Retention scheme in 2013/14. The outturn performance of the Pool between 2013/14 – 2024/25 has resulted in an accumulated Safety Net Reserve balance of £2.036m of which the Council's share is £0.627m.

ANNUAL GOVERNANCE STATEMENT

2024 / 2025

Annual Governance Statement 2024/25

1. SCOPE OF RESPONSIBILITY

- 1.1. Rugby Borough Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards. Public money must be used economically, efficiently and effectively, safeguarded and properly accounted for. The Council must have in place proper governance arrangements and carry out its functions effectively, including suitable risk management arrangements.
- 1.2. The Council must conduct a review, at least once a year, of the effectiveness of its system of internal control and report the findings in an annual governance statement (AGS). The statement must be prepared in accordance with proper practices and be reported to a Committee of Councillors. This document comprises the Council's AGS for 2024/25. This year's statement shows the governance framework has again been maintained and enhanced during the year. Sound governance helps the Council deliver on its corporate strategy, specifically. "The council will maintain good governance across the organisation to ensure effective decision-making, the best use of resources and the development of policies and strategies with our communities and stakeholders".

2. WHO IS RESPONSIBLE FOR ENSURING GOOD GOVERNANCE?

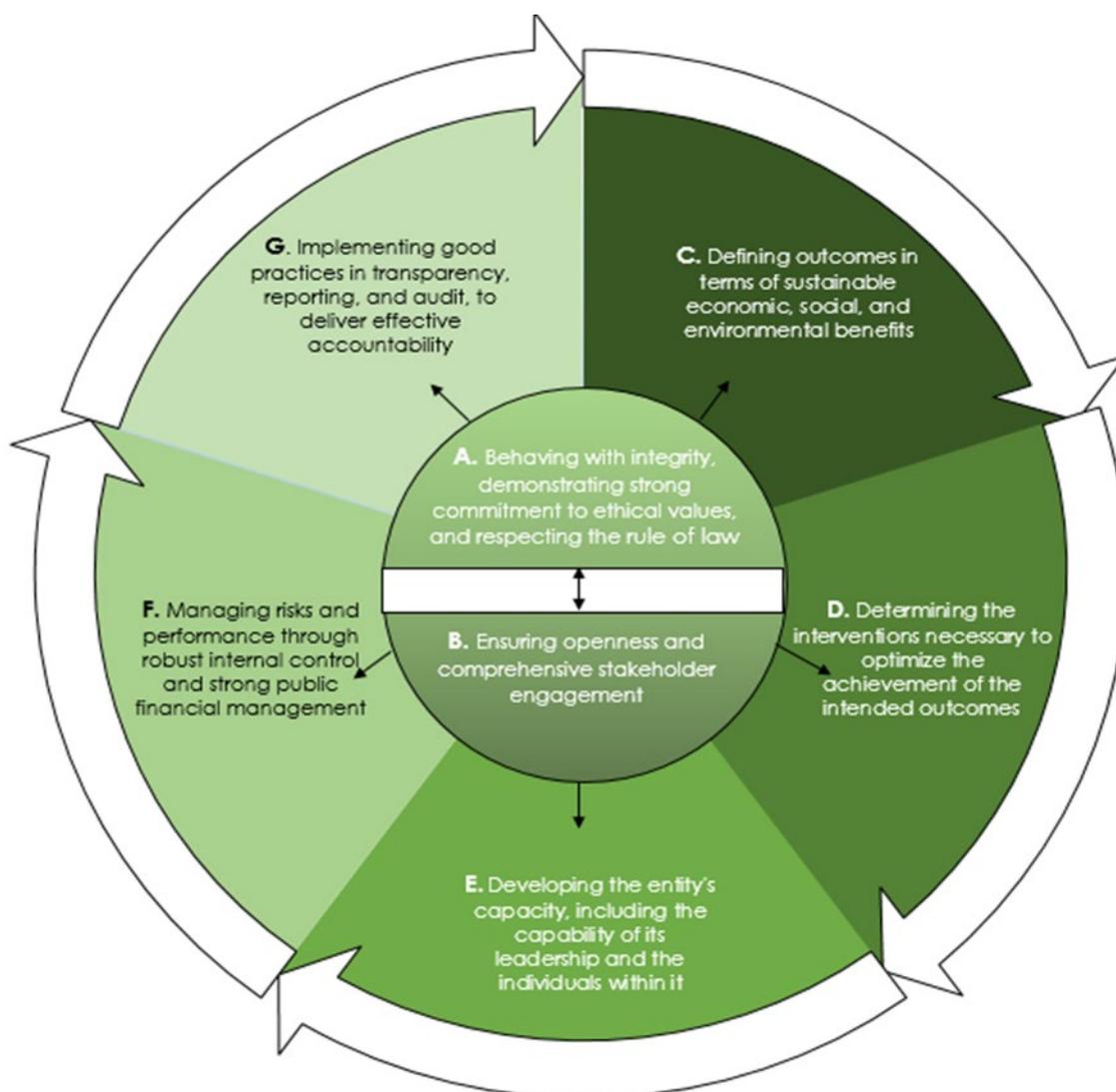
- 2.1 The Council's governance arrangements are overseen by the Audit and Ethics Committee. The Acting Chief Executive has overall responsibility for ensuring that effective controls and processes are implemented across the Council, and these are regularly reviewed and updated. Regular reports are submitted to the Audit and Ethics Committee highlighting any identified enhancements. The Chief Officer Finance and Performance (s151 Officer) is responsible for ensuring that effective financial controls are in place, for the maintenance of an effective internal audit function and, alongside the Chief Officer Legal and Governance (Monitoring Officer) for reviewing the overall effectiveness of the governance framework. In addition, the Leadership Team shares a collective responsibility for sound financial management and governance. The overview and co-ordination of this process is undertaken by the Corporate Assurance Manager.

3. WHAT THIS STATEMENT TELLS YOU

- 3.1 This Statement provides a summarised account of how the Council's management arrangements are set up to meet the principles of good governance set out in the Constitution and how assurance is obtained that these are both effective and appropriate. It provides the reader with a clear assessment of how the governance framework has operated over the past financial year, how effective that framework has been in enabling the Council to achieve its objectives, and to identify any improvements made and any weaknesses or gaps in arrangements that need to be addressed. Its main aim is to provide the reader with confidence that the Council is managed effectively and efficiently; that services are delivered in accordance with current legislation, the corporate strategy and in a way that optimises value for money.

4. THE PRINCIPLES OF GOOD GOVERNANCE

- 4.1. The principles of good governance are set out in the CIPFA Framework for Delivering Good Governance in Local Government 2016. The framework positions the attainment of sustainable economic, societal, and environmental outcomes as a key focus of governance processes and structures. This statement explains how the Council has complied with the framework and meets the requirements of the Accounts and Audit Regulations 2015 (England).
- 4.2. Good governance is dynamic, and the Council is committed to improving its governance on a continuing basis through a process of evaluation and review. The diagram below, taken from the International Framework for Good Governance in the Public Sector, illustrates the various principles of good governance in the public sector and how they relate to each other. At Rugby Borough Council, sound governance is included in the foundation of the corporate strategy.



Principles A and B permeate implementation of principles C to G

5. THE GOVERNANCE FRAMEWORK

- 1.1 The governance framework comprises the policies, plans, systems, processes, culture and values (the system of 'internal control') that the Council has in place to ensure its intended outcomes for stakeholders and the community are defined and delivered. To deliver good governance objectives must be achieved whilst also acting in the public interest. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, efficient and value driven services.
- 1.2 Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness.

6. KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK AND AN ASSESSMENT OF ITS EFFECTIVENESS FOR 2024/25

6.1 The Council has an overarching vision for the Borough: Our vision for 2035 is to achieve a more sustainable economy for all, where our natural environment, people and businesses are thriving

6.2 We will do this by:

- Having a vision and a plan for the future of our Borough
- Engaging with customers to continually improve our services
- Meeting the needs of our residents, businesses, and other key stakeholders
- Strengthening our relationships with partners
- Operating in a business-like, commercially focused way
- Having a skilled, high performing workforce
- Making the best use of technology
- Ensuring our services are well planned and efficient.

6.3 We also believe that success is achieved not just by 'what we do,' but by the 'way we do it'.

Having staff who demonstrate the right behaviours for our organisation is just as important as having the right skills, experience, and knowledge for our roles. Defining and demonstrating those behaviours is essential if we are to deliver on our mission:

"To develop policy and work in collaboration to protect the vulnerable, reduce inequalities, improve skills and access to skilled jobs, increase affordable housing, boost our infrastructure such as health services and education, and protect and nurture the natural environment."

Core Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.

Rationale: Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved

- The roles and responsibilities of our Councillors and staff and the processes we use to govern Council business are defined in the Council's Constitution and our Internal Constitution These set out how we operate and how we make decisions.
- We have codes of conduct in place for Councillors and staff to make sure that public business is conducted with fairness and integrity and that we define high ethical values and the standards of behaviour we expect.
- We maintain and publish a register of interests to ensure that any conflict of interest remains open and transparent, and a register of gifts and hospitality for Councillors is maintained by the Monitoring Officer.
- We have financial instructions and regulations to ensure propriety of funds.
- And we maintain a staff register of gifts and hospitality which was reviewed in March 2025
- The Local Authorities (Members allowances) Regulations 2003 require that every authority publicises, within its area, the sum paid by it in that year under the scheme to each Councillor and co-opted member in respect of basic allowance, special responsibility allowance, travelling and subsistence allowance; we comply with this requirement.
- We have Corporate CANDO values and behaviours framework in place which all employees are expected to act in accordance with as well as a blueprint that's sets out our values.
- Corporate Strategy Delivery Plan and Commercial Pillars are in place, supported by Service Plans.
- We have a Confidential Reporting Code, Counter Fraud, Bribery and Corruption Strategy and Fraud Response Plan.
- We have a Performance dashboard that details our activity and key statistics which demonstrates our compliance with our principles This has been developed into a dashboard and scorecard approach
- Our procurement framework ensures that we comply with those principles when commissioning any new contracts or purchases.
- A revised Anti-fraud, Bribery and Corruption Strategy was approved by the Audit & Ethics Committee in June 2023, and the most appropriate training is being considered for each level of management and staffing.
- A Data Retention and Disposal Policy has been compiled and approval by LT. A template has been issued to managers to identify and classify all data held.
- For data and network security the Council employ several technologies to ensure robust measures are in place. Such as firewalls, endpoint protection, email and web filtering, multi factor authentication, backup and disaster recovery technology and a cyber awareness and training program. This year the Council is developing data leak prevention within the email platform, as well as progressing Cyber Essentials Plus accreditation. The Council also employs annual internal and external penetration testing with a certified provider to provide assurance in the strength of security measures.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Rationale: Local government is run for the public; good organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders.

- Our Council meetings are open for members of the public to attend and cabinet, council, planning committee and scrutiny are live streamed with recordings retained on the Council's website.
- Our committee agendas, minutes, and decisions, (including Cabinet decisions) are made publicly available on the Council's website to ensure transparency and openness. All our public meetings are also held in the Town Hall.
- A limited number of reports are considered in private session only when the subject meets the prescribed criteria. A summary of these is published and the rationale for non-disclosure made available.
- Councillors are appointed to outside bodies which are external organisations, including formal or informal partnerships, to which the Borough Council is a party, which have requested that the Council appoint an Elected Councillor or a representative to them or to which the Council expects to make appointments.
- The draft budget and statement of accounts are published for public scrutiny.
- We communicate our work, purpose, aims and vision regularly through several different communications channels.
- We publish and regularly update a range of content and open data on our Freedom of Information, Publication Scheme and Transparency Code pages on our website.
- We undertake and publish resident and tenant surveys and take actions to address concerns.
- We carry out consultations with our residents when appropriate for example on the Local Plan.
- We involve our stakeholders, including partners and businesses as far as possible.
- We publish a contracts register on a quarterly basis and have a procurement strategy April 2023 – March 2027.
- We publish a range of information including financial and procurement data, invitations to tender, senior officer salaries, the contracts register, annual governance statement and financial statements, corporate performance information, planning applications and decisions, delegated decisions and section 106 agreements.
- The Action Plan arising from the whistleblowing investigation has been implemented. The finance team are now carrying out regular checks on payments as well as enforcing the procurement rules and requirements.

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

Rationale: The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources

- A Corporate Strategy is in place covering the period 2025-2035, supported by more detailed strategies such as Climate, Town Centre and Housing.
- Performance data is reported to Cabinet and the Leadership Team and is reviewed by the Management Team.
- Council receives reports for performance monitoring which includes dashboard monitoring of KPIs, key statistics and operational performance measures.
- The templates for Council and Committee reports includes specific paragraphs detailing the implications the decision being recommended has on finances, equalities and diversity and climate change and environment and risks.
- We use Equality Impact Assessments and Environmental Impact Assessments to inform Members when making decisions.
- The Council consults widely on its proposals considering the economic, social, and environmental impacts of plans, policies, and decisions.
- There is a vision for Rugby Town Centre, including a regeneration strategy and action plan to deliver the strategy.
- There is a Climate Emergency Working Group that reviews the Councils' activities and progress towards Environmental targets.
- All planning and development decisions are considered openly and transparently in terms of their economic, social, and environmental benefits and impacts in accordance with National Planning Policy Framework and are published on the Council's website. There is a Planning Services Working Party that monitors such activity.
- The Council is now a Carbon Literate Organisation and will be rolling out carbon literacy to the organisation.
- The performance indicators have been revised and have been categorised as KPIs, key statistics and operational measures. A power BI dashboard has been introduced, and the details are reported within the quarterly finance and performance report to Cabinet.

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Rationale: Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action).

Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved.

- We have an Internal Constitution that sets out the roles and responsibilities of officers.
- We produce a Medium-Term Financial Plan (MTFP) annually, considering known issues and applying a number of assumptions to the Council's finances. The MTFP provides, on a rolling basis, a projection of the Council's finances.
- We produce a 3-year rolling medium term financial strategy which demonstrates the steps we are taking to ensure financial sustainability
- We manage performance through published local and management performance indicators; this enables intervention to be targeted where it is needed.
- The Leadership Team hold an assurance meeting each month to receive assurances in respect of finance, risk, HR, Health and Safety and governance along with dashboards and data to evidence the levels of assurance.
- The Management Team (services) meet each month to receive reports and take actions on operation activities.
- There are eight distinct service areas each with a Chief Officer, and dedicated member portfolio holders aligned with these service areas.
- The Corporate Strategy Delivery Plan and service plans are designed to ensure that the Council targets the actions necessary to deliver the Corporate Strategy.
- We have a Programme Board that receives and scrutinises progress against projects.
- We continue to review and update our corporate policies on our website.
- There is a Forward Plan of key decisions and scrutiny committee arrangements in place.
- An annual budget report, and rent setting report, are submitted and there is an established budget setting and monitoring process, which the Council looks to improve year on year, with greater focus on ownership and accountability.
- Implementation of the revised CIPFA Financial Management Code Action Plan.

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Rationale: Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods.

- The designated role of Head of Paid Service is accountable to the Council for all aspects of management including sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers and building relationships with all Councillors. The Acting Chief Executive is designated as Head of Paid Service.
- The Constitution sets out roles and responsibilities and the Council's decision-making process. An approved scheme of delegation is in place, updated in November 2024.
- There is an Internal Constitution which sets out responsibilities and expectations for staff.
- Regular monitoring and management of the Council's performance, including financial performance is key to ensuring delivery against strategic objectives set out in the Council's corporate plan.
- A Member training and development programme is in place, including dedicated training for planning and licensing committee members.
- Thorough induction processes are in place for all new employees and members, linked to the corporate values.
- We have extended people management training and support with additional resources to meet the forthcoming People Strategy.
- We encourage staff to continue their professional development including paying membership fees.
- We have a robust programme of one to ones (1-2-1) in place and a revised Personal Development Review (PDR) process has been introduced. The PDR process was trialled in year and following feedback from staff the live system launches in April 2025
- Each Service has structured team meetings along with annual service plans for delivery targets.
- Performance Indicators are reviewed monthly by Leadership team and Cabinet Members are provided with quarterly and annual performance reports
- The Leadership Team continues to work collaboratively and provide cohesive leadership which aims to clarify accountability and responsibility.
- More empowerment is encouraged, and decision making is made at the right level promoting more clarity of how this happens and creates a senior structure that aligns specialisms more closely with our Corporate Plan.
- The management team meet monthly and have delegated authority to take responsibility for issues that arise at operational levels.
- Protocol in place setting out the relationship between and roles of members and officers.
- Each member of the Leadership and Management team undertakes professional development appropriate to their role.
- Training on governance and risk management has taken place during 2024/25 for both members and officers.
- Through our Future Leaders Programme, we are developing and nurturing emerging talent.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

Rationale: Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes.

- We have a Risk Management Strategy, that is updated annually along with Corporate and Operational risk registers which are aligned with the corporate strategy.
- The Strategy is reviewed annually while the risk registers are updated at least quarterly. The format usage for the risk registers was updated during 2024/25
- The Committees, members and leadership Team all attended a training session on Risk Management provided via an external consultant.
- The Leadership Team, Audit and Ethics Committee, Cabinet, Strategic Risk Management Group, Health and Safety Committee and Information Governance Group all oversee the risk management arrangements.
- There are standard risk registers for operational and corporate risks along with dashboards for each.
- The registers are monitored through the Risk Management and insurance officer and amendments reported through the Management Team, Leadership Team and Committee.
- Senior Managers are responsible for maintaining operational risk registers and for uplifting matters for inclusion on the Corporate Risk Register.
- The Leadership Team hold an assurance meeting each month to receive assurances in respect of performance against key targets including finance, risk, HR, Health and Safety and governance along with dashboards and data to evidence the levels of performance.
- The Chief Financial Officer (Section 151 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.
- There is regular financial monitoring and quarterly reports are produced for presentation to the Finance and Performance Committee and Cabinet.
- We have Finance Business Partners for each service, who ensure that the accounting records are correct and understood through regular meetings and reports.
- The budget preparation is overseen by the budget working group
- A regular risk assessment of the Council's financial reserves and balances is conducted. Key risks are identified, and potential financial impacts are quantified. Reserves are reviewed annually in the context of the risk assessments.
- The Audit and Ethics Committee oversee the arrangements for internal audit reviewing the Council's internal audit plan, risk management arrangements and ensure effective relationships between internal and external audit. The Committee also receives and considers the work of external audit and approves our governance and assurance statements, statement of accounts, and anti-fraud and anti-corruption arrangements.
- We continually review the effectiveness of our complaints and compliments procedure including the outcome from complaints referred to the Local Government and Social Care Ombudsman to identify lessons learnt and take appropriate action.
- We ensure effective anti-fraud and corruption arrangements are in place, with a Counter fraud strategy, fraud response plan and confidential reporting code in place.
- The Council has a track record of producing and publishing its accounts on time. External audits are also completed on time.

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Rationale: Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.

- A range of information is published including an annual report of internal audit, the financial statements, the annual report of the external auditor and this annual governance statement, which contains an action plan demonstrating a commitment to continuous improvement.
- Details of delegated decisions taken by officers are published on the website.
- The views of Internal and external audit are reported regularly to the Audit and Ethics Committee.
- The Chief Internal Auditor's (Corporate Assurance Manager) Annual Internal Audit Report and Opinion forms part of the review of effectiveness along with the Annual Governance Statement.
- In accordance with the Local Government Transparency Code there is an open data section on the Council's website which includes details of senior officer salaries
- Our Freedom of Information (FOI). Subject Access Request (SARs), Complaints and Environmental Information Regulation (EIR) processes are regularly updated to comply with the Information Commissioners Office (ICO) guidelines.
- We continue to embed UK GDPR requirements and monitor the effectiveness of this legislation which has led to a reduction in reports of data breaches.
- The Corporate Assurance Manager is provided with direct unfettered access to the Acting Chief Executive, and Chair and Vice Chairs of the Audit and Ethics Committee.
- The Council submits itself to external peer reviews including by the Local Government Association and has welcomed an equalities and diversity peer review and challenge.

7. REVIEW OF EFFECTIVENESS

- 7.1 The Council reviews the effectiveness of its governance framework regularly to ensure the arrangements are effective now and remain fit for purpose for the future. This is driven by the Leadership Team, the Chief Officers, Internal Audit, External Auditor, and other external review agencies. Proportionate oversight and governance arrangements have been put in place for arm's length bodies.
- 7.2 The Council also undertakes annually, a review of the effectiveness of its governance framework, including the system of internal control. The Council has developed a methodology for reviewing its governance framework and producing this Annual Governance Statement. This methodology accords with proper practice and is co-ordinated by the Chief Officer (Governance and Legal), Section 151 Officer and the Corporate Assurance Manager.
- 7.3 The outcomes of the review are considered by the Acting Chief Executive with support from the relevant statutory officers, Audit and Ethics Committee and Governance (who approve the final Statement). Once approved, the Annual Governance Statement is published alongside the Statement of Accounts.
- 7.4 Assurance from the Section 151 Officer and the Monitoring Officer The statutory functions undertaken by these two officers ensures legality, financial prudence and transparency, providing a key source of assurance that the systems and procedures of internal control are effective, efficient and are complied with. Both officers were involved in the production of this Annual Governance Statement and provided individual assurances that it accurately describes the Council's governance environment
- 7.5 The Chief Financial Officer is responsible for the development and maintenance of the Council's governance, risk and control framework, ensuring lawfulness and financial prudence of decision-making and the proper administration of financial affairs, in accordance with Section 151 of the Local Government Act 1972. These responsibilities have been considered within the context of this Statement and the Chief Financial Officer can confirm that for 2024/25, the Council's arrangements satisfied his responsibilities under Section 151 of the Local Government Act 1972 and that the Council continues to comply with the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016).
- 7.6 Assurance from Management Chief Officers, and Service Managers have provided appropriate assurance that the Council has effective governance arrangements in place which are reviewed on an annual basis.

8. FINANCIAL MANAGEMENT

- 8.1 The council's financial management has robust arrangements in place and the medium term financial strategy for 2025/26-2028/29 was approved in February 2025. There is a balanced position for 2025/26 but there are savings required for the remainder of the 9 year medium term financial plan. With a change in administration in July 2024, there is a change in direction, but at the heart of the new corporate strategy is the need for the council to be financially resilient.
- 8.2 It should be noted that the medium-term funding outlook for local government and consequently this Authority remains unclear given the ongoing reviews of potential funding mechanisms and the single year financial settlement for 2025/26. The outcome of the anticipated reform of the Local Government Finance System remains unclear, but the 2026/27 spending review due in June will start to provide clarity, if as expected the reform is documented and the settlement is for a 3 year period.

- 8.3 The council is a large beneficiary of the current business rates system and retaining growth generates in the region of £7m per year. This will protect the organisation for any initial shocks, but balancing the budgets in future years will be a challenge for Rugby and the sector as a whole.

OTHER SOURCES OF ASSURANCE

9. COMMITTEES

- 9.1 The Council consisted of 42 Councillors who are elected by the local community. The Full Council approved all key policies and set the strategic direction for the Council. The Cabinet is an executive group responsible for the overall business of the Council. The Cabinet meet collectively in public on a monthly basis, to make decisions in line with the Council's overall policies and budget.
- 9.2 The Cabinet and full Council meet quarterly and receive reports and recommendations from other committees, sub-committees, groups and officers. All papers include statements covering risk and impacts of the proposals or report.
- 9.3 The other committees and Groups include:
- Scrutiny Committee The decisions of the Cabinet were subject to scrutiny by a different group of Councillors. The Scrutiny Board meet regularly to monitor the work of Cabinet, to provide policy development support and to monitor the Council's performance against objectives
 - Audit and Ethics Committee met regularly and received reports on the adequacy of the risk management framework and the internal control environment. They also had oversight of the financial reporting and annual governance processes
 - Planning Committee reviews applications and approvals are required
 - Licensing and Safety Committee reviews license fees, applications and withdrawals, Safety issues and actions.

10. EXTERNAL AUDIT

- 10.1 Azets are the Councils external auditors and even though just one year into the contract there is a strong working relationship being built. There are regular meetings with the Chief Financial Officer to discuss any relevant issues. The Azets team works with the Financial Services team to audit the accounts and complete the VFM assessment. The team also provide regular reports to the Audit and Ethics Committee.
- 10.2 The audit for 2023/24 was completed before the backstop date of 28 February and Rugby continues to have a up to date audit opinion. There were a number of internal control recommendations and officers are working through the plans. The only restriction has been the short time between audit sign off in February and the close of the year which was just a month later.
- 10.3 The 2023/24 VFM assessment also highlighted that there were no financial sustainability risks which is an improvement from the 2022/23 assessment.

11. INTERNAL AUDIT ASSURANCE OPINION

- 11.1 Internal Audit is responsible for objectively assessing the adequacy of governance and the management of risk and providing an objective and evidenced based opinion on governance, risk management and internal control.
- 11.2 The following opinion is based on the audit activity undertaken during 2024/25. The Chief Internal Auditor is satisfied that sufficient assurance work has been carried out to allow the formation of a reasonable conclusion on the adequacy and effectiveness the Council's internal control environment.
- 11.3 The Chief Internal Auditor confirms that the Council's framework of governance, risk management and control is **substantial** in most areas.

Limited Assurance Opinion Audits

Risk Management Audit

The review highlighted the following key issues:

- While the Risk Management Strategy is a good document, from the audit review undertaken, at an operational level, much of its content is not complied with.
- Risks in the Risk Registers are not always clear in that they contain a mixture of risks, vulnerabilities, threats, causes etc. They are also on the shelf documents rather than being dynamic and continuously maintained and used.
- As the Risk Registers did not contain many risks there was little evidence that risks are being properly appraised or used to drive forward organisational improvements.
- Officers have already begun to assess how changes can be made and are currently considering procurement of an external provider to provide the organisation with advice support and revised working practices that will address the issues in the report and the action agreed with the Chief Officer Finance and Performance.

12. SUMMARY, CONCLUSION AND CERTIFICATION

- 12.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people in the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness, and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing public money is well spent. Without good governance the Council will struggle to deliver the outcomes set out in the corporate strategy.
- 12.2 Rugby Borough Council has put in place strong governance arrangements, which we are confident protect its interests and provide necessary assurances to our customers and stakeholders. We intend over the coming year to further strengthen our governance arrangements by addressing Internal Audit recommendations and the

matters identified and noted in this Annual Governance Statement. Governance arrangements will continue to be monitored by the Executive Head of Governance.

- 12.3 This statement has been considered by the Audit and Ethics Committee, which was satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 12.4 This year's statement shows the governance framework has been maintained and in a number of areas improved during the year. The Council is satisfied that its overall governance framework provides a substantial level of assurance of effectiveness, although several further development areas have been highlighted. Delivery of these activities will be monitored during 2025/26 as they progress rather than setting deadlines in an action plan.
- 12.5 Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within the Council to ensure an effective internal control environment is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and will monitor their implementation and operation.

Dan Green – Acting Chief Executive

Date:

Councillor Michael Moran- Leader of Rugby Borough Council

Date:

Glossary

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Appointed Auditors

From 1 April 2015 the appointment of External Auditors to Local Authorities is undertaken by Public Sector Audit Appointments Limited (PSAA), an independent company limited by guarantee and incorporated by the Local Government Association in August 2014. Azets Audit Services is the Council's appointed Auditor.

Balances

The balances of the Council represent the accumulated surplus of income over expenditure on any of the Funds.

Business Rates

A local tax paid by businesses, based on the value of their premises as assessed by the Government Valuation Office Agency (VOA).

Capital Expenditure

This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Requirement

A measure of an authority's cumulative need to borrow to finance capital expenditure or to meet the costs of other long-term liabilities.

Capital Receipts

Income received from the sale of land or other capital assets, a proportion of which may be used to finance new capital expenditure, subject to the provisions contained within the Local Government Act 2003.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Code of Practice (the Code)

The Code of Practice on Local Authority Accounting determines how Local Authorities should interpret all issued Accounting Standards in the light of statutory legislation and guidance, to present fairly the accounts of a public body.

Collection Fund

The Council as a billing authority has a statutory obligation to maintain a separate Collection Fund. This shows the transactions of the Council in relation to the collection from taxpayers of council tax and Non-Domestic Rates (NDR) and its distribution to local Government bodies and the Government.

Community Assets

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and, in addition, may have restrictions on their disposal. Examples include parks and historical buildings not used for operational purposes.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not been made in the Council's Accounts.

Creditors

Amounts owed by the Council for work done, goods received, or services rendered, for which payment has not been made at the date of the balance sheet.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period, i.e., the ultimate pension benefits "earned" by employees in the current year's employment.

Current Value

The current value of an asset reflects the economic environment prevailing for the service or function the asset is supporting at the reporting date.

Debtors

These are sums of money due to the Council that have not been received at the date of the Balance Sheet

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful economic life of property plant and equipment assets.

Derecognition

Financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

Earmarked Reserves

The Council holds several reserves earmarked to be used to meet specific, known or predicted future expenditure.

External Audit

The independent examination of the activities and accounts of Local Authorities to ensure the Accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Fair Value

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Finance Lease

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments

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

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

This is the main revenue fund of the Council and includes the net cost of all services financed by local taxpayers and Government grants.

Heritage Asset

A tangible asset with historical, artistic, scientific, technological, geophysical, or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by Local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Council's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Housing Revenue Account (HRA)

Local Authorities are required to maintain a separate account - the Housing Revenue Account - which sets out the expenditure and income arising from the provision of council housing. Other services are charged to the General Fund.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a fixed asset's market value and evidence of obsolescence or physical damage to the asset.

Infrastructure Assets

Fixed Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Intangible Assets

These are assets that do not have physical substance but are identifiable and controlled by the Council. Examples include software, licenses, and patent

International Financial Reporting Standard (IFRS)

Defined Accounting Standards that must be applied by all reporting entities to all Financial statements to provide a true and fair view of the entity's financial position, and a standardised method of comparison with Financial statements of the other entities.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment Properties

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Liabilities

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

Market Value

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make based on financial information about a specific reporting authority.

Medium Term Financial Strategy (MTFS)

This is a financial planning document that sets out the future years' financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA.

Medium Term Financial Plan (MFTP)

This is the detail and assumptions behind the MTFS and is referred to when the Council talk about the calculations in the MTFS.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to a Council's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

Ministry for Housing, Communities and Local Government (MHCLG)

MHCLG is a Central Government department with the overriding responsibility for determining the allocation of general resources to Local Authorities.

Net Book Value (NBV)

The amount at which non-current assets are included in the balance sheet, i.e., their historical cost or current value less the cumulative amounts provided for depreciation.

Net Debt

Net debt is the Council's borrowings less cash and liquid resources.

Net Realisable Value (NRV)

NRV is the open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Non-Domestic Rate (NDR) (also known as Business Rates)

NDR is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines national rate poundage each year which is applicable to all Local Authorities.

Operating Lease

This is a type of lease, usually of computer equipment, office equipment, furniture, etc. where the balance of risks and rewards of holding the asset remains with the lessor. The asset remains the property of the lessor and the lease costs are revenue expenditure to the Council.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Property, Plant and Equipment (PPE)

PPE are tangible assets (i.e., assets that have physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

Provisions

Amounts set aside to meet liabilities or losses which it is anticipated will be incurred but where the amount and/or the timing of such costs are uncertain.

Related Parties

Related parties are Central Government, other Local Authorities, precepting and levying bodies, subsidiary and associated companies, elected Councillors, all senior officers from Director and above and the Pension Fund. For individuals identified as related parties, the following are also presumed to be related parties:

- members of the close family, or the same household; and
- partnerships, companies, trusts or other entities in which the individual, or member of their close family or the same household, has a controlling interest.

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves

Reserves are reported in two categories:

Usable Reserves

Amounts set aside to help manage future risks, to provide working balances or that are earmarked for specific future expenditure priorities.

Unusable Reserves

Amounts that the Council is required to identify but which cannot be used to support the provision of services. The unusable reserves include unrealised gains and losses as identified in the Revaluation Reserve below and timing differences reflecting the statutory funding basis of Council expenditure compared to proper accounting practices.

Revaluation Reserve

The Reserve records the accumulated gains on the non-current assets held by the Council arising from increases in value because of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value).

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of a non-current asset that has been charged as expenditure to the CIES.

Section 106 (Developer) Contributions

Planning obligations are legal contracts made under section 106 of the 1990 Town and Country Planning Act. They are generally entered into by agreement between councils and landowners.

Treasury Management

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

A strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Useful Life

The period over which the Council will derive benefits from the use of a non-current asset.