

7 September 2021

Committee	Audit and Governance Committee
Date	Wednesday, 15 September 2021
Time of Meeting	2:00 pm
Venue	Tewkesbury Borough Council Offices, Severn Room

ALL MEMBERS OF THE COMMITTEE ARE REQUESTED TO ATTEND

Agenda

1. ANNOUNCEMENTS

When the continuous alarm sounds you must evacuate the building by the nearest available fire exit. Members and visitors should proceed to the visitors' car park at the front of the building and await further instructions (during office hours staff should proceed to their usual assembly point; outside of office hours proceed to the visitors' car park). Please do not re-enter the building unless instructed to do so.

In the event of a fire any person with a disability should be assisted in leaving the building.

2. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

To receive apologies for absence and advise of any substitutions.

3. DECLARATIONS OF INTEREST

Pursuant to the adoption by the Council on 26 June 2012 of the Tewkesbury Borough Council Code of Conduct, effective from 1 July 2012, as set out in Minute No. CL.34, Members are invited to declare any interest they may have in the business set out on the Agenda to which the approved Code applies.



	Item	Page(s)
4.	MINUTES To approve the Minutes of the meeting held on 21 July 2021.	1 - 12
5.	AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME To consider the Audit and Governance Committee Work Programme.	13 - 20
6.	EXTERNAL AUDITOR'S FINDINGS To consider the external auditor's findings 2020/21.	To Follow
7.	LETTER OF REPRESENTATION 2020/21 To approve the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2021.	21 - 28
8.	STATEMENT OF ACCOUNTS 2020/21 To approve the Statement of Accounts 2020/21.	29 - 119
9.	MANAGEMENT ASSURANCE STATEMENT 2020/21 To consider the management assurance statements provided by each service area and the conclusion that, overall, for 2020/21 the management of the Council's internal control environment was satisfactory.	120 - 148
10.	ANNUAL GOVERNANCE STATEMENT 2020/21 To approve the Annual Governance Statement 2020/21.	149 - 166
11.	CORPORATE RISK REGISTER To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	167 - 189

DATE OF NEXT MEETING
WEDNESDAY, 15 DECEMBER 2021
COUNCILLORS CONSTITUTING COMMITTEE

Councillors: C M Cody, L A Gerrard, P A Godwin, D W Gray, H C McLain (Vice-Chair), P D McLain, H S Munro, P E Smith and V D Smith (Chair)

Substitution Arrangements

The Council has a substitution procedure and any substitutions will be announced at the beginning of the meeting.

Recording of Meetings

In accordance with the Openness of Local Government Bodies Regulations 2014, please be aware that the proceedings of this meeting may be recorded and this may include recording of persons seated in the public gallery or speaking at the meeting. Please notify the Democratic Services Officer if you have any objections to this practice and the Chairman will take reasonable steps to ensure that any request not to be recorded is complied with.

Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the public and press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

TEWKESBURY BOROUGH COUNCIL

Minutes of a Meeting of the Audit and Governance Committee held at the Council Offices, Gloucester Road, Tewkesbury on Wednesday, 21 July 2021 commencing at 2:00 pm

Present:

Chair	Councillor V D Smith
Vice Chair	Councillor H C McLain

and Councillors:

C M Cody, P A Godwin, P D McLain and P E Smith

A&G.3 ANNOUNCEMENTS

- 3.1 The evacuation procedure, as noted on the Agenda, was advised to those present.
- 3.2 The Chair indicated that, in accordance with Procedure Rule 1.2 of the Council's Constitution, he had used his discretion to vary the order of business so Item 12 – Annual Report on Health and Safety Activities 2019/20-2020/21 - and Item 13 – Corporate Risk Register - would be taken after Item 5 – Audit and Governance Committee Work Programme.

A&G.4 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

- 4.1 Apologies for absence had been received from Councillors D W Gray and H S Munro. There were no substitutions for the meeting.

A&G.5 DECLARATIONS OF INTEREST

- 5.1 The Committee's attention was drawn to the Tewkesbury Borough Code of Conduct which was adopted by the Council on 26 June 2012 and took effect from 1 July 2012.
- 5.2 There were no declarations of interest made on this occasion.

A&G.6 MINUTES

- 6.1 The Minutes of the meetings held on 24 March and 4 May 2021, copies of which had been circulated, were approved as correct records and signed by the Chair.

A&G.7 AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

- 7.1 Attention was drawn to the Audit and Governance Committee Work Programme, circulated at Pages No. 7-4, which Members were asked to consider.
- 7.2 The Head of Corporate Services indicated that the Agenda for the meeting on 15 September 2021 was fairly significant and there would be training prior to that in respect of the Statement of Accounts which Members would be asked to approve at the meeting. In terms of the management assurance report on the internal control environment during COVID-19, he explained that this was being brought to the

Committee as the Internal Audit team had been redeployed since March 2020 so it was not possible to give independent assurance. A Member noted that the Internal Audit Plan Monitoring Report had been removed from the Agenda for the current meeting and questioned when it would be brought to the Committee. In response, the Head of Corporate Services confirmed it was included in the Work Programme for the meeting on 15 December 2021; if any internal audit work was completed over the next couple of months, a report would be brought to the September meeting but that was unlikely.

7.3 It was

RESOLVED That the Audit and Governance Committee Work Programme be **NOTED.**

A&G.8 ANNUAL REPORT ON HEALTH AND SAFETY ACTIVITIES 2019/20-2020/21

8.1 The report of the Head of Community Services, circulated at Pages No. 102-118, provided a summary of the activities carried out to secure health and safety compliance in the financial years 2019/20 and 2020/21. Members were asked to consider the adequacy of the Council's health and safety arrangements.

8.2 The Head of Community Services explained that COVID-19 meant it had not been possible to present this report to the Committee during the previous year, therefore, the current report covered a two year period. Over the last 18 months, much of the normal health and safety work had been put on hold and the Keep Safe, Stay Healthy Group had ceased operating during the first year but was now operational once again. A significant number of risk assessments in relation to COVID-19 had taken place over the period which were detailed at Appendix 1 to the report and included emergency rest centres and polling stations for elections. Over the last six months, the world had begun to open up more and an increasing number of events were being held both on Council-owned and private land; whilst a light-touch approach had previously been taken to smaller events whereby Officers had discussed health and safety with the organiser, due to COVID-19 restrictions the Safety Advisory Group had been meeting on a weekly basis. COVID-19 was certainly not going away and a risk assessment of the Council Offices had been undertaken the previous week to ensure staff and Members were safe when returning to the building.

8.3 A Member noted the references within the report to mental wellbeing and ongoing concerns about the long-term impact of COVID-19 on staff. Staff had been seconded from their usual roles and he assumed many would have accrued leave so he was seeking reassurance that had been taken into account. The Head of Community Services confirmed that the team worked with HR on staff welfare and a range of mental health training had been provided over the last 18 months with staff being encouraged to take leave where possible. Staff briefings continued to take place on a monthly basis and there was a raft of information available for staff to access on the intranet. Feedback was received via regular staff surveys suggesting that staff were coping well – that had not necessarily been the case during the early part of the pandemic but it had been picked up and addressed quickly. Staff welfare was of paramount importance but he was confident the majority of feedback from staff had been positive. The Head of Corporate Services advised that a lot of work had been done around mental health pre-COVID-19 and the Council had been given a Workforce Wellbeing Charter accreditation where it had been evaluated as 'excellent' in five of eight workstreams, one of which was mental health. Whilst that had been a great foundation moving into the pandemic, there had certainly been more lessons learnt. For example, Internal Audit staff had been redeployed to the business grants cell and thrust into dealing with challenging cases and calls; that was a similar scenario for staff working in the community cell so resilience training had been put in place to help them deal with the difficult conversations they were

having. The Chair felt this was very positive and wished to thank the staff on behalf of the Committee for their hard work and effort during the pandemic; it was so important to look after staff as much as possible, even more so in the unprecedented circumstances brought about by the pandemic which continued to prevail.

- 8.4 A Member drew attention to the executive summary, set out at Page No. 102 of the report, which made reference to Tewkesbury Borough Council being committed to the health and safety of all employees, service users and contractors and questioned whether Members should also be included as they did not fit into any of those categories. The Head of Community Services acknowledged that Members should also be referenced as they had equal status in terms of health and safety. The Head of Corporate Services advised that it had been raised in another forum that Members felt they would benefit from training in relation to mental health so consideration would be given as to how to involve them going forward. The Member questioned whether staff had been surveyed about returning to the office and if they wanted to continue to work from home. In response, the Head of Community Services advised that many teams were already working from home to some extent prior to the pandemic; however, the pandemic had completely changed the situation and the Operational Managers Group had worked with their teams to establish how they wanted to go forward. The vast majority of staff preferred a combination of working from home and the office and, as long as they were able to deliver the service effectively, managers were being fairly flexible. It was noted that a new booking system for desks was in place and working well. The Head of Corporate Services agreed and pointed out the one excellent benefit arising from increased home working was the use of technology such as Microsoft Teams which had been rolled out to staff pre-COVID-19 but had not been well used; that had been the foundation for flexible working and would continue to be used going forward where possible.
- 8.5 With regard to the Workforce Wellbeing Charter, referenced at Page No. 117 of the report, a Member noted that the Council had achieved either “excellence” or “achievement” and questioned whether there were more levels and what could be done to bring them all up to “excellence”. The Head of Community Services confirmed there were other levels and he understood an action plan was in place to progress certain elements further; notwithstanding this, there were some areas where the Council would never achieve “excellence” due to the nature of the organisation. The Head of Corporate Services undertook to circulate the Charter following the meeting along with the levels and what was required to achieve each one; he confirmed that it had been considered that in all of the circumstances, it was appropriate to remain at the “achievement” level for some elements.

8.6 It was

RESOLVED That the annual report on health and safety activities 2019/20-2020/21 be **NOTED**.

A&G.9 CORPORATE RISK REGISTER

- 9.1 The report of the Head of Corporate Services, circulated at Pages No. 119-140, asked Members to consider the risks contained within the corporate risk register and assurance that the risks were being effectively managed.
- 9.2 Members were advised that the corporate risk register was a high-level tool which helped management to consider what the corporate risks were and how they were being managed and it was brought to each meeting of the Audit and Governance Committee. The key updates arising since the register was last presented were set out in the table at Pages No. 121-122, Paragraph 3.1 of the report. It was noted that financial stability remained a key risk and was likely to continue to be for the

foreseeable future given the uncertainty moving forward. In terms of the General Data Protection Regulation (GDPR), good progress was being made on the new action plan including staff training, a comprehensive communications plan, and development of a draft mailbox usage policy and a report on the adequacy of the Council's GDPR arrangements would be brought to the Audit and Governance Committee in December 2021. The Head of Corporate Services explained that Reference 7. Waste Service, which related to the risk in respect of effectiveness of service delivery, was now fairly low risk and could potentially be removed; the Head of Community Services had a full team in place and contract monitoring had improved dramatically over the last few years. A new risk around carbon neutrality had been added to the corporate risk register by the Head of Finance and Asset Management to acknowledge the challenge of achieving the wider county ambition. The carbon reduction action plan had recently been presented to the Executive and Overview and Scrutiny Committees and had been well received in terms of the progress made to date. There was a lot more work to be done than had initially been realised so a recommendation for a new Carbon Reduction Programme Officer post had been accepted by the Executive Committee and would now go forward as a recommendation to Council. In terms of scanning the horizon for potential risks, the recent Department for Environment, Food and Rural Affairs (DEFRA) consultation on the consistency of waste collections had been highlighted. The consultation contained several proposals but the most concerning, which would potentially be effective from the 2023/24 financial year, was the requirement for local authorities to remove fees for garden waste collection – Tewkesbury Borough Council had collected £990,000 in garden waste this year so that would be a significant loss. There were also potential changes to the way recycle was collected with Tewkesbury Borough Council's current comingled collections not being the favoured option put forward by DEFRA; that would have massive implications in terms of new vehicles, new containers and reconfiguring rounds.

- 9.3 A Member indicated that responsibility for maintaining grass verges continued to be a huge problem due to the variety of different owners which included Tewkesbury Borough Council, Gloucestershire County Council, Parish and Town Councils as well as private owners – she was sure she was not the only Member who received numerous queries about this from members of the public. Grass cutting was only one example of an issue where expectations needed to be managed so she suggested that was something which could potentially be included in the corporate risk register. The Borough Solicitor explained that, whilst grass cutting in itself was not a matter for the Audit and Governance Committee, the Member was asking for a general resource risk which identified the limitation on the Council's functions and resource. She undertook to give this some thought outside of the meeting and consider whether it was a matter which should appropriately be addressed via the risk register or by other means. The Head of Corporate Services advised that the Property Team received a lot of reports about matters which were not Tewkesbury Borough Council's responsibility and the Digital Team was currently working on a project so that, when customers wanted to report a problem, it would be possible to hone into the relevant area on a map and, if it was not Tewkesbury Borough Council property or land, it would flag up the relevant body – this would ensure customers were directed to the right place.
- 9.4 A Member drew attention to Page No. 124 of the report which stated "Business rates is a volatile income stream as a result of successful appeals. In addition, a planned move to a 75% retention scheme has been delayed for a year and there is a lack of details around the new scheme. The General Election also comment being made about the future of business rates as a suitable tax for business" and she asked for clarification on this. In response, the Finance Manager explained that there was currently a 50% retention scheme for business rates but a 75% scheme was being discussed which would mean more money but it was a risk as this had been delayed and may not happen. The point the statement was trying to convey

was that, during the election period, the government had acknowledged this was not a suitable tax for businesses as it did not take account of online businesses.

- 9.5 A Member drew attention to Page No. 135 of the report, Risk Reference 12 in relation to Brexit, and asked for an update on the consequences of Brexit, for instance, the lorry driver shortage and the lack of agricultural workers from European countries resulting in food shortages in supermarkets. The Head of Community Services undertook to discuss the risks with the Local Resilience Forum and provide an update following the meeting. The Member also asked for more detail in relation to the risk around the Materials Recovery Facility (MRF) operator being unable to fulfil the contract, included as part of Risk Reference 7, and the Head of Community Services confirmed he would circulate this. With regard to Page No. 139 of the report, Risk Reference 16 and the risk around the climate change motion and the countywide carbon neutrality aims, a Member raised concern this all related to costs, there was nothing about the risks associated with not reducing carbon emissions. A brief debate and it was observed that carbon reduction had been identified as a risk and that was an economic one recognising the potential financial impact upon the Council to deliver the necessary reduction but there was nothing to suggest it was not actually going to reduce it.
- 9.6 With regard to the proposals in the DEFRA consultation, a Member felt it was worth pointing out that recycling tended to reduce with incineration and there was evidence that better quality recyclate was achieved when residents were asked to separate waste. This ultimately came down to education - residents were keen to recycle things they believed were recyclable when the reality was that, for a number of reasons, not all materials could be recycled even when they were technically capable of that. In order to help with this, she asked whether a presentation could be created to be used by schools and businesses. The Chair noted the request but clarified that it was not a matter for the Audit and Governance Committee. In response to a Member query, confirmation was provided that the DEFRA consultation had closed. The Member presumed that the changes proposed would have a huge impact to the Council, both financially and operationally, and the Head of Community Services indicated that the costs were difficult to quantify but would be significant in terms of capital and revenue. The government had talked about new burdens funding but that tended to disappear a few years after it was allocated. He felt the government had been short-sighted as it wanted items to be recycled but there was not necessarily a market for that, for example, plastic film. Whilst he agreed manufacturers should be required to take back materials for recycling, that would mean there was less good quality recyclate in the Council's waste streams which would subsequently reduce income to the authority. Separate collections would require additional vehicles and crews and the Swindon Road depot was currently at absolute capacity so an alternative site would need to be identified very swiftly; that work was already underway but it was a four to five year project. If the government went ahead with the proposals, the Council would have no option but to make the changes so it was important to be prepared for that. The earlier point made about the driver shortage was significant as there was a real possibility that some of the Council's waste services would have to be suspended within the next month to six weeks and a business continuity plan was being discussed with Ubico. The least impactful service to suspend would be garden waste but, unfortunately, that would mean a loss of income to the authority. The Chair indicated that Gloucestershire County Council was carrying out training for drivers so Tewkesbury Borough Council may be able to take advantage of that and the Head of Community Services advised that Ubico had been training drivers over the last 18 months but, due to the pandemic, there was a backlog at testing stations.
- 9.7 Having considered the information provided, it was

RESOLVED That the risks and mitigating controls within the corporate risk register be **NOTED**.

A&G.10 INFORMING THE AUDIT RISK ASSESSMENT FOR TEWKESBURY BOROUGH COUNCIL 2020/21

10.1 Attention was drawn to the external auditor's report on informing the audit risk assessment for Tewkesbury Borough Council in 2020/21. Members were asked to consider the report.

10.2 The representative from Grant Thornton advised that the purpose of the report was to contribute towards the effective two-way communication between the Council's external auditors and the Audit and Governance Committee as those charged with governance. As part of the risk assessment procedures, Grant Thornton was required to obtain an understanding of management processes and the Council's oversight of five key areas: general enquiries of management; fraud, laws and regulations; related parties; and accounting estimates. The report was based on a number of questions and the responses received from the Council and he was happy to answer any queries Members may have.

10.3 With regard to the section on related parties, set out at Pages No. 37-38 of the report, a Member raised concern that it was difficult for Members to know exactly what they should include on their Register of Interests forms and when making declarations of interest; the onus was on Members to determine what they should declare and she queried how the information was checked, for instance, did secret societies such as the Freemasons need to be declared. In response, the representative from Grant Thornton explained there was no such thing as a secret society as far as Members were concerned and they were obliged to disclose membership. In terms of checks in place, he was not sure if it was covered by the Council's Internal Audit programme. It was a trust-based system to an extent but auditors did undertake checks by exception, for instance, carrying out searches of company registers, and if any declarations had not been made that would be reported as a significant deficiency. The Finance Manager advised that, in addition to the Register of Interests form, a declaration of related parties' questionnaire was sent to Members annually and checks were carried out on payments to the Council's creditors to identify any conflicts of interest. The Council would also be aware if Tewkesbury Borough Councillors were Members of any other authorities, for instance Parish and Town Councils or Gloucestershire County Council. The Borough Solicitor clarified that membership of the Freemasons, or other secret societies, was a declarable interest in accordance with the Council's Code of Conduct on the grounds of being likely to influence, or set up to influence, public opinion.

10.4 It was

RESOLVED That the external auditor's report on informing the audit risk assessment for Tewkesbury Borough Council 2020/21 be **NOTED**.

A&G.11 EXTERNAL AUDITOR'S AUDIT PLAN 2020/21

11.1 Attention was drawn to the external auditor's audit plan for the year ending 31 March 2021, circulated at Pages No. 50-72. Members were asked to consider the information provided.

11.2 The representative from Grant Thornton advised that the audit plan gave an assessment of the significant risks which had been very much impacted by the COVID-19 pandemic as well as the increased expectations from the regulators. The audit was underway and was based on three significant areas of risk: valuation of land and buildings; valuation of net pension fund liability; and management override of controls. In respect of the latter, it was noted this could not be rebutted - an assumption was made that management sought to circumvent

those controls. A key element of the regulator's review was the level of challenge the external auditors placed on management; everything in the accounts needed to be challenged in terms of whether it was in the right place. It was particularly important when there were significant judgements to the estimates, for instance, valuations of land and buildings and the new pension fund liability, as those liabilities would not crystallise until the future and very small changes had a material impact on the Council's accounts. Grant Thornton determined financial statement materiality based on a proportion of the Council's gross expenditure for the financial year and, at the planning stage, materiality was £742,000 which equated to 2% of the forecast gross expenditure for the year. This could not be set any higher as, in Grant Thornton's view, the Council was already a very well run authority; it could be set lower but that would reduce the issues that would be reported. The revised approach to the value for money work had come into effect from audit year 2020/21 and the three main changes arising from the approach were: a new set of criteria covering financial sustainability, governance and improvements in economy, efficiency and effectiveness; more extensive reporting with a requirement for Grant Thornton to produce a commentary on arrangements across all of the key criteria rather than the previous reporting by exception approach; and the replacement of the binary approach to value for money conclusions with more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. It was noted that the audit findings report would be presented at the next Audit and Governance Committee meeting.

- 11.3 Members were advised that the public were entitled to ask questions of the external auditors and could request a number of actions if they believed they were appropriate, one of which was a public interest report; these had previously been very rare, with the last one over 12 years ago, but over the last 18 months a whole slew had been received. One other area of change was around the going concern and a practice note had been updated to allow auditors to apply a continued provision of service approach to audit going concerns, where appropriate. A number of local authorities had been issued with Section 114 notices or were at risk of being issued with one when they had run out of money or were in a negative financial position. Tewkesbury Borough Council was a long way off that position but there were lessons to be learnt so he urged Members to look at public interest reports when they were issued – it often came down to the culture and behaviours of Members as well as management.
- 11.4 With regard to the audit fee, the proposed fee for 2020/21 was £55,589; the fee had increased over the last two years with quite a large increase on the scale fee. The scale fee had been set based on a risk assessment of the Council undertaken over a decade ago and the external auditors had been lobbying Public Sector Audit Appointments (PSAA) to update this to reflect the new requirements now in place. Page No. 67 of the report gave a detailed analysis of how the scale fee was arrived at and PSAA had agreed it needed to change due to the new expectations in terms of the value for money work and further revisions. Officers always gave good pushback and challenge on the fee and the external auditors made representations to PSAA which was ultimately responsible for confirming the fee. PSAA was going out to consultation on the next contract round; the current contract had been due to run for five years with an option to extend for two years but it would not be extended.
- 11.5 With regard to the pension liability, a Member indicated that quite a lot of pensions were invested in fossil fuel industries and, whilst she appreciated Tewkesbury Borough Council used the Gloucestershire County Council pension fund, she asked whether that was considered. The Finance Manager advised that Gloucestershire County Council produced its own accounts and she undertook to locate and circulate the accounts from last year so Members could see what it had invested in. A Member indicated that she understood the reasons for the changes

to the audit fee but noted that it had reduced a few years ago and was now increasing so she asked whether it was likely to change again, or whether it would remain at roughly the same level going forward. The representative from Grant Thornton suspected that the direction of travel had now been set so it was more likely the fee would increase as opposed to being reduced. Another Member questioned how long term the external auditor's assessments were or whether they were more of a snapshot in time. In response, the representative from Grant Thornton advised that the view was based on the accounts provided as at 31 March 2021 in this instance. They did, to some extent, have regard to events happening after that date which would impact on those accounts. Notwithstanding this, by the time the accounts were signed-off, a lot of the assets, particularly the pension fund, had increased again. The COVID-19 pandemic had a positive impact on liabilities as this year assets had increased and liability had increased at a faster rate so assumptions had been made that savings etc. would increase; this was all set out in the detailed accounts. Ultimately, the audit was always based on a position in time unless something so significant was to happen that it would impact that value; the normal course of events would not change that value.

11.6 Having considered the information provided, it was

RESOLVED That the external auditor's audit plan 2020/21 be **NOTED**.

A&G.12 FEE SCALE FOR THE AUDIT 2021/22

12.1 Attention was drawn to the report of the Head of Finance and Asset Management, circulated at Pages No. 73-75, which set out the fee scale for the 2021/22 audit of accounts. Members were asked to consider the fee scale of £37,589 for the 2021/22 audit.

12.2 The Finance Manager advised that, since the Audit Commission had been disbanded, Public Sector Audit Appointments (PSAA) had appointed external auditors on behalf of Tewkesbury Borough Council. PSAA was required to set the scale fees for audits by the start of the financial year and the fee scale set for 2021/22 was £37,589. This was a £3,000 increase against the fee set for 2019/20 which reflected the additional work in relation to the pension valuation and the property plant and equipment valuation in the accounts. This was the base fee the Council would pay as other factors may come into play, for instance, changes to the audit standards, the value for money work was now more onerous and if there were errors in the accounts then additional work may be required.

12.3 It was

RESOLVED That the fee scale of £37,589 for the 2021/22 audit be **NOTED**.

A&G.13 COUNTER FRAUD UNIT REPORT

13.1 Attention was drawn to the report of the Counter Fraud Unit Manager, circulated at Pages No. 76-82, which provided assurance over the counter fraud activities of the Council. Members were asked to consider the annual update from the Counter Fraud Unit.

13.2 The Counter Fraud Manager advised that this was a biannual report which summarised the work the Counter Fraud Unit had been undertaking on behalf of Tewkesbury Borough Council and included an update on surveillance activity, set out at Page No. 79, Paragraph 3.0 of the report, which was required to be reported annually. The Counter Fraud Unit had been working closely with all partner councils on business grants. This had been a considerable amount of work as it was an enormous project and a lot of the robust post-payment assurance work was being carried out now. All local authorities participated in the National Fraud Initiative data matching exercise to prevent and detect fraud which was usually carried out in

relation to a number of areas, but significantly Council Tax and the Council Tax Reduction Scheme; however, this had also been carried out for business grants. The first matches related to the initial round of payments made in summer 2020 and it was assumed this would continue for all of the grant schemes that had been offered since. This meant that the Counter Fraud Unit would be working on business grants for some time; however, it was very important for assurance purposes to check that the money had been paid to the right people. Animal welfare concerns and the increased number of unlicensed breeders had been a particular problem during the pandemic and the Counter Fraud Unit had been working closely with the RSPCA on better working relationships with the district councils, for instance, new data sharing arrangements. The Counter Fraud Unit had also completed a review of the housing list which would now be carried out every 18 months rather than annually. Normal work had continued in terms of the Council Tax Reduction Scheme and interviews under caution were taking place in person once again with additional protective measures in place after reverting to written statements under caution during the early stages of the pandemic.

- 13.3 A Member drew attention to Page No. 78, Paragraph 2.4 of the report, and asked for more detail about the type of cases involving serious offences against animals. The Counter Fraud Unit Manager explained that regular referrals were being made in respect of puppy farms, mainly within the Forest of Dean District but that was widening, so the Counter Fraud Unit was working with the RSPCA and the Licensing teams on this. It was subsequently

RESOLVED That the annual update on the work of the Counter Fraud Unit be **NOTED**.

A&G.14 PROCEEDS OF CRIME AND ANTI-MONEY LAUNDERING POLICY

- 14.1 The report of the Counter Fraud Unit Manager, circulated at Pages No. 83-93, attached an updated Proceeds of Crime and Anti-Money Laundering Policy. Members were asked to recommend to the Executive Committee that the Proceeds of Crime and Anti-Money Laundering Policy be approved and that authority be delegated to the Head of Finance and Asset Management, in consultation with the Counter Fraud Unit Manager, One Legal and the Lead Member for Corporate Governance, to approve further minor amendments to the policy.
- 14.2 Members were advised that the policy had been refreshed to ensure that staff and Members were carrying out due diligence and reporting suspicious activity in the right way. The nominated Money Laundering Reporting Officer was the Section 151 Officer which, in Tewkesbury Borough Council, was the Head of Finance and Asset Management. The policy was supported by a working document available to staff which outlined how and when to report suspicious activity, when to refuse cash payments and the requirements relating to customer due diligence.
- 14.3 It was

RESOLVED That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that:

1. The Proceeds of Crime and Anti-Money Laundering Policy, as attached as Appendix 1, be **APPROVED**.
2. Authority be delegated to the Head of Finance and Asset Management, in consultation with the Counter Fraud Manager, One Legal and the Lead Member for Corporate Governance, to approve further minor amendments to the policy.

A&G.15 USE OF THE INTERNET AND SOCIAL MEDIA IN INVESTIGATIONS AND ENFORCEMENT POLICY

- 15.1 The report of the Counter Fraud Unit Manager, circulated at Pages No. 94-101, attached an updated Use of the Internet and Social Media in Investigations and Enforcement Policy. Members were asked to recommend to the Executive Committee that the policy be approved and that authority be delegated to the Borough Solicitor, in consultation with the Counter Fraud Unit Manager and the Lead Member for Corporate Governance, to approve further minor amendments to the policy.
- 15.2 The Counter Fraud Unit Manager advised that the Investigatory Powers Commissioner's Office (IPCO) recommended that, where intelligence gathering was undertaken – particularly through use of the internet and social media – evidence should demonstrate that this was being carried out in a careful and considerate way so as not to stray into covert surveillance. As such, existing arrangements had been reviewed and the policy for ensuring compliance had been revised and was attached at Appendix 1 to the report. The policy was supported by a procedural document which was available for staff involved in investigation work who were authorised to undertake research and investigation using open source internet applications or other civil or criminal enforcement and recovery work.
- 15.3 It was
- RESOLVED** That it be **RECOMMENDED TO THE EXECUTIVE COMMITTEE** that:
1. The Use of the Internet and Social Media in Investigations and Enforcement Policy, as attached at Appendix 1 to the report, be **APPROVED**.
 2. Authority be delegated to the Borough Solicitor, in consultation with the Counter Fraud Manager and the Lead Member for Corporate Governance, to approve future minor amendments to the policy.

A&G.16 INTERNAL AUDIT ANNUAL REPORT 2020/21

- 16.1 Attention was drawn to the report of the Head of Corporate Services, circulated at Pages No. 141-147, which provided Members with a summary of the internal audit work undertaken in 2020/21. Members were asked to consider the limitation of scope regarding independent assurance from internal audit on the adequacy of the Council's governance, risk management and control environment for 2020/21 and the proposed recovery of the internal audit function during 2021/22.
- 16.2 The Head of Corporate Services explained that, as Members were aware, the Internal Audit team had been redeployed to the business cell to support the administration and payment of business grants with effect from April 2020. Page No. 143, Paragraphs 2.1-2.3 of the report, set out the impact of COVID-19 on the ambitions of internal audit. Nevertheless, internal audit should still demonstrate compliance with Public Sector Internal Audit Standards (PSIAS) and, as there had been no internal audit activity, this was not possible. Page No. 144, Paragraph 3.0 of the report, outlined why the Internal Audit team had been identified for redeployment to the business cell and the nature of the role they had undertaken. Members were advised that, due to the significant risk of the grant schemes being abused and fraudulent claims made, a robust internal process was required to ensure the public purse was being protected and internal audit was best placed to design, deliver and monitor that process. It was noted that over £30m grants had been paid out with over 6,000 individual payments made. Taking calls with the

business community had been rewarding but also challenging for the staff who had to learn to adapt. Consideration had been given to removing the Internal Audit team from the business cell but there had been concern this would negatively impact the businesses that were benefiting from the scheme; therefore, a decision had been made to retain the team for the full financial year. One Member of the team remained in the business cell.

16.3 As there had been no internal audit work, it was not possible to provide the Committee with any independent assurance as to whether the Council's governance and risk management controls were effective. Page No. 145, Paragraph 4.4 of the report, set out the consequences of the redeployment of the team and Members were advised that the Council would need to highlight the limitation of scope in its Annual Governance Statement which would be taken to the Committee in September. In addition, there was a reputational impact on the Council and the authority did not comply with PSIAS as things currently stood. Notwithstanding this, the Head of Corporate Services felt that the support which had been given to the business cell and the business community outweighed the fact there had been no internal audit function during the year. Pages No. 145-146, Paragraph 5.0 of the report, gave a high level overview of the plan for internal audit recovery which was reflected in the Council's Corporate Recovery Plan; the actions within the recovery plan related to the production of a new six month audit plan and review of the whole suite of internal audit recommendations to determine whether they remained relevant and if the timescales were feasible. It was noted that, the Corporate Leadership Team had committed £35,000 from new burdens funding to support the team's recovery and it was intended to bring in additional resource from September until the end of the financial year. Furthermore, as part of the budget setting process for the current financial year, an allocation of £10,000 was approved for undertaking ICT audit work and that resource would be brought in after the summer.

16.4 The Chair understood the position in terms of internal audit and accepted the priority during the pandemic had been supporting the business community. He asked that thanks be passed on to the internal audit team on behalf of the Committee to show Members' appreciation for the work they had done and continued to do. It was

RESOLVED That the limitation of scope regarding independent assurance from internal audit on the adequacy of the Council's governance, risk management and control environment for 2020/21, and the proposed recovery of the internal audit function during 2021/22, be **NOTED**.

A&G.17 AUDIT AND GOVERNANCE COMMITTEE ANNUAL REPORT 2020/21

17.1 Attention was drawn to the report of the Head of Corporate Services, circulated separately, which attached, at Appendix 1, the Audit Committee Annual Report for approval.

17.2 The Head of Corporate Services explained that the Council's Constitution required the Audit and Governance Committee to produce an annual report. The report for 2020/21, attached at Appendix 1 of the papers, included reference to the redeployment of the Internal Audit team to support the business cell; financial reporting; Annual Governance Statement; an overview of the work of the Gloucestershire Counter Fraud Unit and the external auditors; safeguarding arrangements, the outcomes of a Food Standards Agency audit; and the serious and organised crime framework. The report would be presented to Council by the Chair of the Audit and Governance Committee following approval.

17.3

It was

RESOLVED

That the Audit and Governance Committee Annual Report
2020/21 be **APPROVED**.

The meeting closed at 3:30 pm

AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

Additions to 15 September 2021

•

Deletions from 15 September 2021

- External Auditor's Progress Report – item not needed as the external auditors will be presenting the detailed findings report at this meeting.
- External Auditor's Annual Report – moved to 15 December 2021.
- Monitoring of Significant Governance Issues – item not needed as superseded by the Annual Governance Statement.
- Internal Audit Six Month Plan 2021/22 (Oct-Mar) – item not needed as Internal Audit will be working to the Audit Plan for 2020/21.
- Benefits Discretionary Housing Payment Follow-Up – moved to 15 December 2021.

Committee Date: 15 December 2021

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Annual Report	To consider the external auditor's annual report.	External Auditors	Yes – deferred from the meeting on 15 September 2021.
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
External Auditor Appointments 2023/24 – 2027/28	To consider the report on the process for external auditor appointments for the period 2023/24 – 2027/28.	Head of Finance and Asset Management	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Head of Corporate Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.

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Agenda Item 5

NB – Changes from previous work programme highlighted in bold

Committee Date: 15 December 2021

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Counter Fraud Unit Update	To consider the six monthly update from the Counter Fraud Unit.	Head of Finance and Asset Management / Counter Fraud Manager.	No.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.
Internal Audit Quality Assurance and Improvement Programme	To consider the annual update on the Internal Audit Quality Assurance and Improvement Programme.	Head of Corporate Services	Yes – Deferred from 21 July 2020. Moved to 23 March 2022.
Annual Update on Council's Safeguarding Arrangements	Annual report to give assurance as to the level of the Council's compliance with its safeguarding duty. (To include Gloucestershire Safeguarding Children Board Section 11 Self-Assessment)	Head of Community Services.	No.
Benefits Discretionary Housing Payment Follow-Up	To consider the progress made against implementation of the audit recommendations in relation to discretionary housing payments.	Head of Corporate Services	Yes – deferred from the meeting on 15 September 2021.
Annual Report on the Council's Arrangements for General Data Protection Regulation (GDPR)	To receive the annual report on the adequacy of the Council's GDPR arrangements.	Borough Solicitor	No – Advised at Audit & Governance Committee on 21 July 2021 that an annual report would be brought to Committee in December.

Committee Date: 23 March 2022			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Local Authority Serious and Organised Crime Checklist	To consider progress made against the action plan.	Head of Finance and Asset Management / Counter Fraud.	No. NB. Was not considered during 2020/21
External Auditor's Progress Report	To consider the external auditors' report on progress against planned outputs.	External Auditors.	No.
External Auditor's Audit Plan 2021/22	To consider the external auditors' Audit Plan 2021/22.	External Auditors.	No.
Statement of Accounting Policies	To approve the accounting policies to be used during the 2021/22 closedown.	Finance Manager.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Head of Corporate Services.	No.
Internal Audit Six Month Plan 2021/22	To approve the Internal Audit Six Month Plan 2021/22 (Apr-Sept).	Head of Corporate Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.

NB – Changes from previous work programme highlighted in bold

Committee Date: 23 March 2022

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Annual Report on Health and Safety Activities	To consider the adequacy of the Council's health and safety arrangements.	Head of Community Services.	No.
Internal Audit Quality Assurance and Improvement Programme	To consider the annual update on the Internal Audit Quality Assurance and Improvement Programme.	Head of Corporate Services	Yes – Deferred from 21 July 2020 and 15 December 2021. Annual report to be considered at the March meeting of the Committee.

Committee Date: July 2022			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Audit Plan 2021/22	To consider the external auditor's Audit Plan 2020/21.	External Auditors.	No.
Audit Fee 2022/23	To consider the audit scale fee for 2022/23.	Head of Finance and Asset Management.	No.
Counter Fraud Unit Report	To consider the annual update on the work of the Counter Fraud team.	Head of Finance and Asset Management / Counter Fraud Manager.	No.
Internal Audit Plan Monitoring Report	To consider the Internal Audit work undertaken and the assurance given on the adequacy of internal controls operating in the systems audited.	Head of Corporate Services.	No.
Internal Audit Annual Report 2021/22	To consider the Internal Audit Annual Report 2020/21 and the assurance from the work undertaken during the year on the level of internal control within the systems audited during the year.	Head of Corporate Services.	No.
Corporate Risk Register	To consider the risk register and the risks contained within it.	Head of Corporate Services.	No.
Audit and Governance Committee Annual Report 2021/22	To approve the Audit and Governance Committee Annual Report 2021/22.	Head of Corporate Services.	No.

Committee Date: July 2022

Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
Internal Audit Quality Assurance and Improvement Programme	To consider the annual update on the Internal Audit Quality Assurance and Improvement Programme.	Head of Corporate Services.	No. Annual item to be considered at the March meeting of the Committee.

Committee Date: September 2022			
Agenda Item	Overview of Agenda Item	Lead Officer	Has agenda item previously been deferred? Details and date of deferment required
External Auditor's Findings	To consider the external auditor's findings 2021/22.	External Auditors.	No.
Internal Audit Six Month Plan 2022/23	To approve the Internal Audit Six Month Plan 2022/23 (Oct-Mar).	Head of Corporate Services.	No.
Monitoring of Significant Governance Issues	To consider the monitoring report on the Significant Governance Issues identified in the Annual Governance Statement and to review progress against the actions.	Borough Solicitor.	No.
Corporate Risk Register	To consider the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.	Head of Corporate Services.	No.
Letter of Representation	To consider the S151 Officer's Letter of Representation on the closure of the accounts for the year ended 31 March 2021.	Head of Finance and Asset Management.	No.
Statement of Accounts 2021/22	To approve the Statement of Accounts 2021/22.	Head of Finance and Asset Management.	No.
Annual Governance Statement 2021/22	To approve the Annual Governance Statement 2021/22.	Borough Solicitor.	No.

OTHER ITEMS			
Agenda Item	Overview of Agenda Item	Lead Officer	Comments

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	15 September 2021
Subject:	Letter of Representation 2020/21
Report of:	Head of Finance and Asset Management
Corporate Lead:	Head of Finance and Asset Management
Lead Member:	Lead Member for Finance and Asset Management
Number of Appendices:	1

<p>Executive Summary:</p> <p>Each year, on completion of the audit of the Council's financial statements, the Council is required to submit a Letter of Representation to its external auditor. Without the letter of representation, the auditor cannot issue an opinion on the Council's accounts.</p>
<p>Recommendations:</p> <p>To APPROVE the Letter of Representation 2020/21.</p>
<p>Reasons for Recommendation:</p> <p>To present, for consideration and approval, the Council's Letter of Representation for 2020/21/</p>

<p>Resource Implications:</p> <p>None</p>
<p>Legal Implications:</p> <p>None</p>
<p>Risk Management Implications:</p> <p>If the Letter of Representation is not submitted to Grant Thornton, the auditor will not be able to issue an opinion on the Council's Financial Statements and the Council will not be able to publish its Statement of Accounts by the statutory deadline of 30 September 2021.</p>
<p>Performance Management Follow-up:</p> <p>None</p>
<p>Environmental Implications:</p> <p>None</p>

1.0 INTRODUCTION AND BACKGROUND

1.1 Each year, on completion of the audit of the Council's Financial Statements, the Chief Finance Officer is required to submit a Letter of Representation to the Council's external auditor. The letter formally and publicly confirms the accuracy and completeness of the presented Statement of Accounts.

1.2 The letter sets out assurances from the Council to Grant Thornton that relevant accounting standards have been complied with and gives further assurances that the Council has disclosed information where to withhold it would have undermined the accuracy and reliability of the Statement of Accounts.

2.0 LETTER OF REPRESENTATION 2020/21

2.1 A copy of the draft Letter of Representation for 2020/21 is attached at Appendix A. On receipt of the Letter of Representation, the Council's external auditor may formally issue an opinion on the Financial Statements.

2.2 The Committee is requested to consider the content of the letter and to approve it for signature by the Chief Finance Officer on behalf of the Council.

3.0 OTHER OPTIONS CONSIDERED

3.1 None.

4.0 CONSULTATION

4.1 Consultation undertaken with the Audit Committee prior to signing of the letter.

5.0 RELEVANT COUNCIL POLICIES/STRATEGIES

5.1 None

6.0 RELEVANT GOVERNMENT POLICIES

6.1 None.

7.0 RESOURCE IMPLICATIONS (Human/Property)

7.1 None.

8.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

8.1 None

9.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

9.1 None

10.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

10.1 None

Background Papers: None

Contact Officer: Head of Finance and Asset Management
01684 272005 Simon.Dix@tewkesbury.gov.uk

Appendices: Appendix A – Letter of Representation 2020/21

Finance and Asset Management
Simon Dix
 Head of Finance and Asset Management



Grant Thornton UK LLP
 2 Glass Wharf
 Bristol
 BS2 0EL

Our Contact: Simon Dix
 Telephone: 01684 272005
 Our Ref: SD/Audit 21
 Email: simon.dix@teWKesbury.gov.uk

15th September 2021

Dear Sirs,

Tewkesbury Borough Council
Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of Tewkesbury Borough Council for the year ended 31 March 2021 for the purpose of expressing an opinion as to whether the Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i We have fulfilled our responsibilities for the preparation of the Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Council has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.



- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the revaluation of land & buildings and Investment Properties, the valuation of NDR provisions, accruals, Covid 19, fair value and the valuation of net pension liabilities. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for our estimates. We made one small change to the calculation method of our NDR provision. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii Except as disclosed in the financial statements:
- a there are no unrecorded liabilities, actual or contingent
 - b none of the assets of the Council has been assigned, pledged or mortgaged
 - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.



- xii Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv The prior period adjustments disclosed in Note 2 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xv We have updated our going concern assessment. We continue to believe that the Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Council means that, notwithstanding any intention to liquidate the Council or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Council's ability to continue as a going concern need to be made in the financial statements

Information Provided

- xvi We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Council financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvii We have communicated to you all deficiencies in internal control of which management is aware.
- xviii All transactions, have been recorded in the accounting records and are reflected in the financial statements.
- xix We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.



- xx We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Council and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.

- xxi We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

- xxii We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

- xxiii We have disclosed to you the identity of the Council's related parties and all the related party relationships and transactions of which we are aware.

- xxiv We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxv We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxvi The disclosures within the Narrative Report fairly reflect our understanding of the Council's financial and operating performance over the period covered by the Council financial statements.



Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 15th September 2021.

Yours faithfully

Signed on behalf of the Council

Simon Dix
Head of Finance & Asset Management
15th September 2021

Councillor Vernon Smith
Chair of Audit Committee
15th September 2021



TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	15 September 2021
Subject:	Statement of Accounts 2020/21
Report of:	Finance Manager
Corporate Lead:	Head of Finance and Asset Management
Lead Member:	Lead Member for Finance & Asset Management
Number of Appendices:	1

Executive Summary:

The Statement of Accounts for 2020/21 shows the financial position of the Council as at 31 March 2021 as well as the performance during the year. This year the statutory deadline for producing the accounts was extended again. The draft accounts had to be published by 31 July and the final audited accounts by 30 September 2021.

Recommendation:

1. To **APPROVE** the Statement of Accounts 2020/21.
2. To **delegate authority to the Head of Finance and Asset Management, in consultation with the Chair of the Audit and Governance Committee, to amend the approved Statement of Accounts to reflect advice from the external auditor as appropriate.**

Reasons for Recommendation:

It is a statutory duty for the Council to adopt the Statement of Accounts.

Resource Implications:

Revenue and capital balances as detailed within the report.

Legal Implications:

The process and schedule for approval of the Statement of Accounts are regulated this year by the Accounts and Audit (Amendment) Regulations 2021 which have amended the Accounts and Audit Regulations 2015.

Risk Management Implications:

None

Performance Management Follow-up:

None

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 For 2020/21 the requirements and timeline for the approval of a local authority's Statement of Accounts, as set out in the Accounts and Audit Regulations 2015, was revised again, this time for two years.

1.2 As part of the outcome of the Redmond review, which identified the pressures on authorities and auditors to comply with legal deadlines, regulations were amended to give us additional time to complete the audit of our accounts in 2020/21 and 2021/22. The Accounts and Audit (Amendment) Regulations 2021 came in to force on 31 March 2021 and have amended the Accounts and Audit Regulations 2015.

1.3 The impact on deadlines and timescales was as follows:

- the publication date for final audited accounts moved from 31 July to 30 September 2021 (30 September 2022 for the 2021/22 accounts).

To give local authorities more flexibility, the requirement for the public inspection period to include the first 10 working days of June has been removed. Instead, local authorities must commence the public inspection period on, or before, the first working day of August 2021 meaning the draft accounts had to be published by 31 July 2021 (31 July 2022 for 2021/22 accounts).

1.4 The Committee is asked to review the content of the Statement of Accounts, in line with the information contained in the report, and approve them for publication, subject to any amendments advised by the external auditor which will be dealt with by delegation to the Head of Finance and Asset Management in consultation with the Chair of the Audit and Governance Committee. The external auditor's work is ongoing at the time of the report hence the need for the delegated authority.

2.0 CURRENT POSITION

2.1 The current year has been challenging for the accounts team with not only the continuation of the pandemic but loss of key resources as well. The Finance Manager continued to be redeployed to the Business Grants Team and we lost our Accountancy Team Leader as well. The most senior member of our team was a recently qualified accountant who had been with us for just over four years; however, we managed to recruit an experienced private sector accountant to add to the team.

2.2 The pandemic brought about new challenges as we faced new grant schemes, business rate reliefs and other COVID-19 related returns which only added to the technical knowledge and resources needed within the accountancy team. The team worked tirelessly throughout and even agreed to complete the accounts earlier than the 31 July 2021 deadline to facilitate an early audit window for Grant Thornton. By allowing Grant Thornton to come in on 21 June 2021 we gave up an additional five weeks of time which we could have used to thoroughly check the accounts and improve the document; however, we set the target to drive efficiencies allowing us to undertake the accounts process more effectively and allows the team to focus on other tasks and projects sooner than if we stuck to the statutory deadline.

2.3 Whilst the audit of the accounts has not concluded, we have already sat down to review the current Audit Findings Report (AFR) and taken on board any issues or errors included that could be minimised through a change in processes or year-end procedure as part of our accounts de-briefing session. One of the biggest issues we have is where the error has occurred due to issues outside of our team and, whilst we accept this will always result in problems, we understand that we need to ensure more buy-in and engagement from service leads and key team members.

2.4 It is important to note that the delivery of the accounts (to a shorter timescale than permitted and without key personnel) was only achieved by the hard work, commitment and dedication of the Finance team who should be proud of their efforts especially in the difficult working environment we have all been faced with.

3.0 REVIEW OF THE STATEMENT OF ACCOUNTS

3.1 The Council's accounts are prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the UK, which is recognised by statute as representing proper accounting practice and meets the requirements of the Accounts and Audit Regulations 2015. The accounts do not show our financial position against budget (which is how we monitor our performance internally); however, this was reported to the Executive Committee on 7 July 2021.

3.2 Income and Expenditure

As already mentioned, the 2020/21 financial year was unlike any other year due to more volatile income and expenditure trends and COVID-19 specific grants and reliefs. The Comprehensive Income and Expenditure Statement (CIES) shows the performance of the Council on a statutory basis and is not how we manage our budgets internally. The Expenditure and Funding Analysis (Note 5 in the financial statements) shows how the outturn position we reported to Executive Committee (£14.4m surplus) maps to the performance reported in the CIES (£9.4m surplus). Whilst it looks like we have profited during the pandemic, the reality is that most of the surplus is due to some of the quirks that the pandemic has created. The table below shows the outturn against budget:

	Full Year Budget	Outturn Position	Savings/Deficit
	£	£	£
Employees	10,543,453.00	9,928,123.65	615,329.35
Premises	614,421.00	598,593.29	15,827.71
Transport	86,630.00	35,069.39	51,560.61
Supplies & Services	1,991,284.00	1,997,834.93	- 6,550.93
Payments to Third Parties	5,810,076.00	5,982,995.00	- 172,919.00
Transfer Payments - Benefits Service	- 69,796.00	- 98,046.60	28,250.60
COVID-19 Costs	-	1,069,443.00	- 1,069,443.00
Projects Funded Externally	61,591.00	- 910,634.38	972,225.38
Income	- 7,321,348.00	- 8,611,995.59	1,290,647.59
Services Total	11,716,311.00	9,991,382.69	1,724,928.31
Treasury activity	11,700.00	- 251.00	11,951.00
Commercial activity	- 2,713,904.00	- 2,870,978.00	157,074.00
New Homes Bonus	- 3,762,756.00	- 3,762,756.00	-
Business Rates Income Budget	- 2,585,070.00	- 3,372,918.00	787,848.00
Business Rates COVID-19 Reliefs	-	- 4,938,381.00	4,938,381.00
Business Rates 2019/20 Surplus	-	- 3,524,341.00	3,524,341.00
Council Tax	- 82,200.00	- 369,244.00	287,044.00
COVID-19 Grants	-	- 2,177,703.00	2,177,703.00
Other adjustments	- 3,847,266.00	- 3,408,077.00	- 439,189.00
Reserves	1,263,185.00	14,433,266.00	-13,170,081.00

3.3 Variance Analysis

Direct Service Expenditure

The outturn position for direct service expenditure and income shows a surplus of £1,724,928 and is mainly attributable to the major items outlined below:

- The employees' full year budget is underspent largely as a result of staff turnover and vacancies in a number of service groupings.
- Transport is underspent due to staff working from home and being unable to attend meetings or training in person.
- Payments to third parties is showing a significant overspend because several provisions were raised, at year end, for planning appeals lodged in the financial year. It is anticipated that these appeals will need specialist legal representation.
- It should also be noted that within payments to third parties that the outturn position for the Ubico contract, budgeted at £4.058m, reported a surplus of £160,455.
- Costs that were directly attributable to COVID-19 total £1,069,443 and include:
 - A management fee of £442k paid to Places for People. This was to help with the unavoidable costs of closing during the pandemic.
 - Additional staff costs across various departments. Some full-time staff were redeployed fully to the COVID-19 response, for example, administering grant schemes. Therefore, agency staff were contracted to backfill the day jobs. More staff were also needed to cope with demand, such as additional cleaners and IT support.

- £115k of additional Ubico costs due to additional staff, vehicles, PPE and cleaning products in order to be COVID secure.
- Projects funded externally contains the costs and income of the JCS, CIL and Garden Towns. The balances on these individual funds are moved to reserves at year end. The surplus seen is additional government funding received, particularly relating to the Garden Town.
- Council income is showing additional income levels of £1.29m over the budgeted position. The majority of fees and charges budgets were under target due to the pandemic with the exception of planning fees which had a surplus of £115k. The large variance is therefore as a result of substantial external grant income being received during the year. The Council has received grants for a range of activities including homelessness prevention, carbon reduction and supporting the leisure centre. The Council also received a further £2.18m of grant funding for COVID-19 to relieve our spending pressures and compensate our losses. These have been included in the corporate codes and are detailed further down in the report.

Non-Service Expenditure

- With regards to commercial activity, the Council acquired two new commercial investment properties in the year at a cost of £19.7m which has resulted in a surplus of gross rental generation against budget of £157,074. This completed the acquisition phase for the Council with the portfolio investment totalling £59.3m and producing a gross rental income of £3.4m, a yield of 5.78%.
- The overall position on the retained business rates scheme shows a surplus of £9.1m for the full year. This surplus is constructed from several elements as follows:
 - £4.9m of business rates relief funding was given to us by government in advance of the 100% relief given to businesses impacted by the pandemic. This is grant funding to cover the loss of income from businesses not being required to pay business rates. The loss of income manifests itself into a collection fund deficit at year end which is not realised until the following financial year. Therefore, we must hold the £4.9m in a reserve to fund the future deficit that will form part of outturn next year.
 - Similarly, the 2019/20 surplus of £3.5m on the business rates collection fund has been realised in the 2020/21 outturn. This derived from the release of provisions being held against the potential successful appeals by a number of businesses. This position was reported in the outturn report for 2019/20 and was earmarked to replenish the Medium Term Financial Strategy reserve after it was used to pay the levy due on the collection fund surplus.
 - The remaining surplus of £705k is a genuine gain on budget. This includes additional income from growth of new businesses within the borough and the Gloucestershire Business Rates Pool reported an estimated gain of £420k
- The Council Tax surplus reported in the table above comprises of two Government grants. Firstly, the Council was awarded £532k in Council Tax Hardship. This is a central government scheme administered by local authorities where those residents, who were most impacted by the pandemic, could have additional relief on their Council Tax of £150. At year end the remaining balance was £123k. The other grant received was specifically to compensate the Council for 75% of their losses in Council Tax, as a result of the COVID-19 impact. The Council received £127k which will be transferred to reserves in order offset any

future deficits linked to COVID-19. In addition to these grants, Tewkesbury's share of the Council Tax Collection Fund surplus has been released.

- As mentioned earlier, the Council received a general grant from central government to relieve expenditure pressures relating to COVID-19. This was given in four tranches throughout the year totalling £1.25m. These were not ringfenced for specific services, which is why they have been included in the corporate codes. The balance of the £2.178m received relates, in the main, to new burdens funding for administering the numerous grant schemes introduced by central government throughout the various stages of the pandemic. In addition, the Council claimed £450k of compensation from the government for losses incurred in its sales, fees and charges income streams as a result of the pandemic.

3.4 Overall, the Council is able to transfer to reserves a gross total of £14.4m. The Council has gained overall in 2020/21, despite the impact of the coronavirus, as compensation for lost fees and charges and other grant funding from the government have met the majority of costs.

3.5 Balance Sheet

The total net worth of the Council, the aggregate value of all of the assets and liabilities in the balance sheet, has increased to £26m. The change in net worth is summarised in the Movement in Reserves Statement which is on Page 3 of the accounts, and there are a number of movements which contribute to this, including:

- an increase of £19m in Investment Properties due to the purchase of two new properties in the year;
- short term investments decreased by over £20m as we used existing resources to pay for the new investment properties (since interest rates were so low) rather than borrowing more; and
- the pension deficit has decreased by over £8m due a change in financial assumptions and demographic assumptions.

3.6 Collection Fund Balances

The balance on the Collection Fund for Council Tax at the year-end was a surplus of £438k. Any balance on the Council Tax Fund will be redistributed amongst the precepting bodies of Gloucestershire County Council, Gloucestershire Police and ourselves, based on a proportion of the total precept demand from each body. £240k has already been allocated, based on an estimate of the outturn position in January 2021. The remaining balance of £198k will be incorporated in to the 2021/22 estimate of outturn in January 2022. The balance on the Collection Fund for business rates at the year-end was a deficit of £11.65m (£8.65m surplus in 2019-20) which is mainly due to additional COVID-19 related business rate reliefs being introduced after National Non-Domestic Rates 1 had been completed. Our share of this deficit is £4.7m and this will be covered by the specific business rates reserve created from the s31 grant received from the government.

3.7 Capital Resources

The total balance of capital resources at 31 March 2021 is £1.2m including capital grants. Expenditure on capital projects was £21.2m in 2020/21 and included £19.7m on two new investment properties, £40k on two new mowers, £792k on the Ashchurch Bridge project and £425k on Disabled Facilities Grants.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 The Committee can amend the accounts if required, or not approve them (which would contravene the Accounts and Audit (England) Regulations 2015 and the amended Accounts and Audit (Coronavirus) (Amendment) Regulations 2020).

5.0 CONSULTATION

- 5.1 The accounts and supporting documents were available for inspection by any person interested between 2 August 2021 and 13 August 2021; however, no one exercised these rights. Between the 2 August 2021 and 13 August 2021, the auditor has been available to receive questions and objections relating to the accounts from local electors. Both these opportunities were placed on the Council's website.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 6.1 The control and good management of financial resources is essential to effectively deliver the Council's priorities.

7.0 RELEVANT GOVERNMENT POLICIES

- 7.1 The process and schedule for approval of the Statement of Accounts are regulated this year by the Accounts and Audit (Amendment) Regulations 2021 which have amended the Accounts and Audit Regulations 2015.

8.0 RESOURCE IMPLICATIONS (Human/Property)

- 8.1 None

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

- 9.1 None

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

- 10.1 The Statement of Accounts is available in a number of different formats depending on the users' needs.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

- 11.1 Executive Committee on 7 July 2021 approved the inclusion of earmarked reserves and the financing of capital expenditure.

Background Papers: None

Contact Officer: Finance Manager
01684 272006 Emma.Harley@teWKesbury.gov.uk

Appendices: Appendix A – Statement of Accounts 2020/21



DRAFT

**Financial Statements
for the year ended
31 March 2021**

**Finance and Asset Management
Simon Dix
Head of Service**

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STATEMENT OF RESPONSIBILITIES

The council's Responsibilities

The Council is required to:

- a. Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Head of Finance and Asset Management.
- b. Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- c. Approve the financial statements.

The Head of Finance and Asset Management's Responsibilities

The Head of Finance and Asset Management is responsible for the preparation of the council's financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

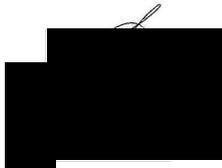
In preparing these financial statements, the Head of Finance and Asset Management has:

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

The Head of Finance and Asset Management has also:

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

I certify that the financial statements on pages 2 to 75 are the relevant financial statements for the audit certificate and present a true and fair view of the financial position of the council at the reporting date and its income and expenditure for the year ended 31st March 2021.



S J Dix

Head of Finance and Asset Management.

Date: 15th September 2021

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



Councillor V Smith

Date: 15th September 2021

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/2020			2020/2021			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
244	0	244		279	0	279
8,071	-4,037	4,034		8,972	-3,822	5,150
16,778	-14,281	2,497		17,329	-14,655	2,674
0	0	0		3,456	-3,935	-479
1,186	-307	879		776	-53	723
148	0	148		124	0	124
4,713	-3,280	1,433		4,689	-3,318	1,371
3,908	-3,405	503		3,549	-3,154	395
2,083	-1,476	607		2,583	-1,888	695
37,131	-26,786	10,345		41,757	-30,825	10,932
			Total Cost of Continuing Operations			
2,073	-365	1,708		2,145	-3,554	-1,409
2,346	-4,042	-1,696		2,175	-4,238	-2,063
0	-15,201	-15,201		0	-16,815	-16,815
4,419	-19,608	-15,189		4,320	-24,607	-20,287
			(Surplus)/Deficit on Provision of Services			-9,355
		-4,844				-69
		-616				8,369
		-5,998				8,300
		-6,614	Other Comprehensive Income and Expenditure			-1,055
		-11,458	Total Comprehensive Income and Expenditure			

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MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Movement in reserves during 2020/2021							
Balance at 1 April 2020 brought forward (restated)	800	16,378	1,141	393	18,712	6,254	24,966
Total Comprehensive Income & Expenditure	9,355				9,355	-8,300	1,055
Adjustments between accounting basis & funding basis under regulations (Note 11)	5,078		-51	3,445	8,472	-8,472	0
Increase/Decrease (movement) in Year	14,433	0	-51	3,445	17,827	-16,772	1,055
Transfers to/from Earmarked Reserves (Note 12)	-14,433	14,433	0	0	0	0	0
Balance at 31 March 2021 carried forward	800	30,811	1,090	3,838	36,539	-10,518	26,021

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MOVEMENT IN RESERVES STATEMENT (continued)

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Movement in reserves during 2019/2020							
Balance at 1 April 2019 brought forward	800	13,888	1,158	88	15,934	-2,426	13,508
Total Comprehensive Income & Expenditure	4,844				4,844	6,614	11,458
Adjustments between accounting basis & funding basis under regulations (Note 12)	-2,354		-17	305	-2,066	2,066	0
Increase/Decrease (movement) in Year	2,490	0	-17	305	2,778	8,680	11,458
Transfers to/from Earmarked Reserves (Note 13)	-2,490	2,490	0	0	0	0	0
Balance at 31 March 2020 carried forward (restated)	800	16,378	1,141	393	18,712	6,254	24,966

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31/03/2020 £'000		Notes	31/03/2021 £'000
	Property, Plant & Equipment		
23,918	Other Land & Buildings	16	24,095
206	Infrastructure Assets	16	197
2,071	Vehicles, Plant, Furniture & Equipment	16	1,640
22	Community Assets	16	23
159	Assets Under Construction	16	953
26,376			26,908
42,020	Investment Property	17	61,029
0	Non current assets held for sale		0
218	Heritage Assets		218
214	Intangible Assets		187
68,828			88,342
10,879	Long Term Investments	18	8,453
273	Long Term Debtors	18	2,457
79,980	Total Long Term Assets		99,252
	Current Assets		
26,080	Short Term Investments	18	5,017
4,813	Short Term Debtors	19	8,923
6,982	Cash & Cash Equivalents	20	5,186
37,875	Current Assets		19,126
	Current Liabilities		
26,522	Short Term Borrowing	18	18,730
15,791	Short term Creditors	21	11,702
665	Provisions	22	908
42,978	Current Liabilities		31,340
74,877	Total Assets Less Current Liabilities		87,038
	Long-Term Liabilities		
2,611	Provisions	22	2,803
18,500	Long Term Borrowing	18	20,867
28,800	Net Pensions Liability	24.3	36,974
0	Other Long Term Liabilities		373
49,911	Long-Term Liabilities		61,017
24,966	Net Assets		26,021
800	General Fund Reserve		800
16,378	Earmarked Reserves	12	30,811
1,141	Capital Receipts Reserve	MIRS	1,089
3	Capital Grants Unapplied	MIRS	78
390	Community Infrastructure Reserve		3,760
18,712	Usable Reserves		36,538
8,163	Revaluation Reserve	24.1	8,150
-28,800	Pensions Reserve	24.3	-36,974
24,516	Capital Adjustment Account	24.2	24,943
0	Deferred Capital Receipts		0
3,591	Collection Fund Adjustment Accounts	24.4	-4,677
-102	Short-term Accumulating Compensated Absences Account		-1,419
-1,114	Financial Instruments Revaluation Reserve	24.5	-540
6,254	Unusable Reserves		-10,517
24,966	Total Reserves		26,021

CASH FLOW STATEMENT

2019/2020 £'000	2019/2020 Restated £'000		Note	2020/2021 £'000
4,844	4,844	Net (surplus) or deficit on the provision of services		9,355
4,410	4,020	Adjustments to net surplus or deficit on the provision of services for non-cash movements	25	1,807
13,827	13,827	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		130,154
23,081	22,691	Net cash flows from Operating Activities		141,316
-28,079	-37,699	Investing Activities	26	-129,401
16,833	16,833	Financing Activities	27	-13,711
11,835	1,825	Net increase or decrease in cash and cash equivalents		-1,796
5,157	5,157	Cash and cash equivalents at the beginning of the reporting period		6,982
16,992	6,982	Cash and cash equivalents at the end of the reporting period	20	5,186

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Note 1 - Accounting Policies

1.1 General Principles

The financial statements summarises the council's transactions for the 2020/2021 financial year and its position at the year-end of 31 March 2021. The council is required to prepare annual financial statements by the Accounts and Audit (England) Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/2019 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Finance Act 2003.

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

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

1.2 Accruals of Expenditure and Income

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are highly liquid investments that can be 'called' within 30 days or less, and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management.

Accounting Policies (continued)

1.4 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

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

The Local Government Pension Scheme

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

- The liabilities of the Gloucestershire County Council pension fund attributable to the council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, (see relevant note for further details)
- The assets of the Gloucestershire County Council pension fund attributable to the council are included in the Balance Sheet at their bid value as required by IAS 19.

Accounting Policies (continued)

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

- Service cost comprising

- current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- net interest on the net defined benefit liability, i.e. net interest expense for the council – 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 included in net interest on the net defined benefit liability – 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 Gloucestershire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. However, the council has a policy not to allow this.

Accounting Policies (continued)

1.5 Events After the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the financial statements are adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the financial statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

1.6 Financial Instruments

Financial Liabilities

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

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

Financial Assets

Financial assets are classified based on the business model for holding them and the characteristics of their cashflows. The three main classes of financial assets are measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) - None held by the council

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

Accounting Policies (continued)
Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

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

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

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

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

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

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

Level 3 inputs – unobservable inputs for the asset.

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

Accounting Policies (continued)

1.7 Government Grants and Contributions

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

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

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

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

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

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

Community Infrastructure Levy

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

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, 5% of these charges may be used to fund revenue administrative costs of CIL.

1.8 Intangible Assets

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

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

Accounting Policies (continued)

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

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.9 Interests in Companies and Other Entities

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

1.10 Investment Property

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

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

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

Accounting Policies (continued)

1.11 Leases

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

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

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

The council as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

The council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

Accounting Policies (continued)

The council as Lessor

Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

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

Accounting Policies (continued)

1.12 Non-Current Assets Held for Sale and Disposals

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

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

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

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

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

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Accounting Policies (continued)

1.13 Overheads and Support Services

The costs of overheads and support services are not shown within the service segments in the Comprehensive Income and Expenditure Account as we do not report this in our management reports throughout the year. Therefore the full cost principles detailed in the CIPFA *Service Reporting Code of Practice 2019/2020* (Se RCOP) are no longer used within the financial statements.

1.14 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. If the current year amount is material (even if the comparator is not) then a prior period adjustment will be carried out if it aids understanding for the reader.

1.15 Property, Plant and Equipment

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

Recognition

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

Measurement

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

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

Accounting Policies (continued)

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

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

Where the council recognises non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued regularly to ensure that their carrying amount is not materially different from their current value at the year-end. The council has a policy to revalue all its assets at year end to ensure their current value is reflected in the financial statements. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

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

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

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

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

Accounting Policies (continued)

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

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

- Dwellings and other buildings - the useful economic life (UEL) of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment - 5 to 7 years, which is deemed a reasonable estimation of the UEL of these types of assets;
- Infrastructure - over the UEL of the individual assets as estimated by the valuer or Project Officer.
- These assets have an estimated UEL of between 30 - 60 years
- Specialist equipment - depreciated over the useful economic life (UEL) of the asset as estimated by a suitably qualified person.
- solar panels are being depreciated over 25 years

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

Componentisation

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

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

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

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

Accounting Policies (continued)

1.16 Charges to Revenue for Non-Current Assets

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

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible assets attributable to the service.

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

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation. They are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the financial statements.

Contingent Assets

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

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

Accounting Policies (continued)

1.18 Reserves

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

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

1.19 Revenue Expenditure Funded from Capital under Statute

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

1.20 VAT

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

1.21 Heritage Assets

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

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

The council does not, normally, purchase heritage assets.

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

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

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

Accounting Policies (continued)

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

1.22 Council tax and Non-Domestic rates (NDR)

Billing authorities like Tewkesbury Borough council act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be more or less than predicted.

The council tax and NDR income included in the comprehensive income and expenditure statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

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

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

1.23 Accounting Standards Issued, Not Adopted

The 2020/21 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified. The Code also requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in the 2020/21 and 2021/22 financial statements in respect of accounting changes that are introduced in the 2020/21 Code are:

- 1) Definition of a Business: Amendments to IFRS 3 Business Combinations
- 2) Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- 3) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS16.

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

2. Prior Period Adjustment

Tewkesbury Borough Council discovered an error in the classification of some of its fixed term loans as cash and cash equivalents on the balance sheet in 2019/2020. This means that cash and cash equivalents were overstated by £10m and short term investments were understated by the same amount.

Also in 2019/2020 the council incorrectly classified the Community Infrastructure Reserve of £390k as useable capital receipts and not as an unapplied grant so the Movement in Reserves has been amended to show it correctly under capital grants unapplied. The following are the relevant extracted lines from the relevant statements.

Effect on line items in the Balance Sheet 31 March 2020

	31/03/2020 As Originally Stated	31/03/2020 As Restated	Amount of restatement
	£'000	£'000	£'000
Current Assets			
Short term investments	16,070	26,080	10,010
Cash & Cash Equivalents	16,992	6,982	-10,010
Total Current Assets	37,875	37,875	0
Net Assets	24,966	24,966	0

The reclassification above recognises that short term investments have a fixed maturity date and cannot be 'callable' as defined in cash and cash equivalents. There is no impact on any other financial statement except the Cash Flow Statement which is shown below.

A third balance sheet (for the year 2018/2019) is not required as there is no impact on the opening balances for the 2019/2020 year.

Restatement of the Cash Flow Statement

The £10m reclassification above has an impact on the cash flow statement prior year comparative figures. The relevant notes have also been restated.

CASH FLOW STATEMENT

Original 2019/2020		Note	Restated 2019/2020	Amount
£'000			£'000	£'000
2. Prior Period Adjustment (continued)				
4,844	Net (surplus) or deficit on the provision of services		4,844	0
4,410	Adjustments to net surplus or deficit on the provision of services for non-cash movements	25	4,020	390
13,827	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		13,827	0
23,081	Net cash flows from Operating Activities		22,691	390
-28,079	Investing Activities	26	-37,699	9,620
16,833	Financing Activities	27	16,833	0
11,835	Net increase or decrease in cash and cash		1,825	10,010
5,157	Cash and cash equivalents at the beginning of the reporting period		5,157	0
16,992	Cash and cash equivalents at the end of the reporting period		6,982	10,010

The error in classifying Community Infrastructure Levy as a capital receipt and not a capital grant unapplied means the Movement in Reserves statement is wrong and the lines below have been corrected in the Movement in Reserves statement. This is a classification error only and so has no other effect on the balances.

MOVEMENT IN RESERVES STATEMENT

	As previously stated Capital Receipts Reserve £'000	As restated Capital Receipts Reserve £'000	Amount of restatement £'000
1. Prior Period Adjustment (continued)			
Movement in reserves during 2019/2020			
Balance at 1 April 2019 brought forward	1,158	1,158	0
Total Comprehensive Income & Expenditure	0	0	0
Adjustments between accounting basis & funding basis under regulations (Note 12)	373	-17	390
Increase/Decrease (movement) in Year	373	-17	390
Transfers to/from Earmarked Reserves (Note 13)	0	0	0
Balance at 31 March 2020 carried forward (restated)	1,531	1,141	390

	As previously stated Capital Grants Unapplied £'000	As restated Capital Grants Unapplied £'000	Amount of restatement £'000
Movement in reserves during 2019/2020			
Balance at 1 April 2019 brought forward	88	88	0
Total Comprehensive Income & Expenditure	0	0	0
Adjustments between accounting basis & funding basis under regulations (Note 12)	-85	305	-390
Increase/Decrease (movement) in Year	-85	305	-390
Transfers to/from Earmarked Reserves (Note 13)	0	0	0
Balance at 31 March 2020 carried forward (restated)	3	393	-390

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 2, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Local Government Funding

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

Provisions - Municipal Mutual Insurance

The council's former insurers Municipal Mutual Insurance Limited ceased trading in 1992 and the council became a party to the scheme of administration for liabilities outstanding at that time. Previously the administrators advised that the assets would at least match the liabilities and a solvent run off of the scheme could be expected. However the directors of MMI 'triggered' MMI's Scheme of Arrangement under section 425 of the Companies Act 1985 on 13 November 2012 and Ernst and Young LLP became responsible for the management of the MMI's business, affairs and assets in accordance with the terms of the Scheme. The claw back scheme to which Tewkesbury is subject provides for a maximum liability of £169,775. Ernst and Young LLP suggested an initial levy rate of 15% to achieve a solvent run off and this was increased to 25% on 1 April 2016. We have provided for an additional 10% in long term provisions as we have not had any confirmation that this would be the final payment.

Provisions - Business Rates Appeals

The level of provision for business rate appeals under the business rate retention scheme (2010 list) has been calculated using historic appeals information.

Those on the list at 31 March 2017 (as no more appeals can be submitted against the 2010 list) with a code of grounds where we have statistical information relating to the success and outcome of past appeals have been calculated using the average success rate and rateable value lost.

The 2017 rating list has introduced a new appeals scheme called 'Check, Challenge, Appeal' due to many appeals previously being made speculatively and with little supporting information. This means that the ratepayer has to go through 2 stages before they get a chance to appeal and this can take many months. To date there has been a very small number of businesses who had made it to the Challenge stage giving us no indication of the level of provision to make against the 2017 list for appeals not yet lodged. When setting the 2016/2017 multiplier for the new 2017 list an allowance of 4.7% was made by the Ministry of Housing, Communities and Local Government to provide for future appeal loss which we have used previously however, this new process has not seen any appeals to date so we have decided to reduce the provision to the average used by all billing authorities in England instead. Therefore, we will be setting a provision equating to 3.4% of the gross rates payable for the 2020-21 financial year.

Consideration of Group Accounts

The council joined a Local Authority owned company, Ubico Ltd, on the 1 April 2015. This company provides a range of environmental services for the council. The company is owned by 7 local government authorities. Each council has one share interest in Ubico Ltd.

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

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

We have then considered whether under IAS28, that we have significant influence, per 9.1.2.22 of the Code. As there are 7 equal shareholders our interest in Ubico is below the 20% threshold which is an indication of holding significant influence. Other factors which we have considered include representation on the board, participation in policy making, material transactions and management influence. Our judgement is that there is no persuasive evidence that the council has a significant level of control over the strategic direction and operation of Ubico Ltd. Therefore group accounts do not need to be produced.

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

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

Claims against the council

There are a number of planning appeals and planning related High Court proceedings which remain unresolved at 31st March 2021 and for which a provision of £180,000 has been included. These relate to an appeal against refusal of planning permission on land at Coombe Hill, as well as High Court cases where the Council has commenced / is responding to proceedings including challenges to an appeal decision at Gotherington and to a Local Government Ombudsman decision.

When deciding on whether a case is a provision or a contingent liability we use the expert knowledge of planning solicitors of likelihood of success and what the costs should be. The cases above are where it is more than probable that we will have to pay out costs and so a provision has been created.

One of the challenges is very recent and, until permission by a court is given to the complainant for the case to progress, we are not sure of the likelihood of success, the timing or the amount of any potential claim. Due to these factors it is considered that this should be a contingent liability.

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

The financial statements contain estimated figures that are based on assumptions made by the council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year (due to assumptions/judgements) are as follows:

COVID 19 and Brexit

COVID 19 continued to impact the whole of the 2020-21 financial year with a full lockdown in place until April 2021. This, along with the uncertainty of a Brexit trade deal close to the 31 December 2020 deadline, led to much uncertainty and impact on our economy.

The main impact on the balance sheet relates to fair value assessments. Property, pensions and financial instruments are linked to economic activity and demand. The council uses professionals in each field to help establish what the fair value estimates of assets and liabilities are as at the 31st March each year.

Where there is information about similar assets and liabilities being traded on open markets around the year end, then this has been reflected in the fair value shown on the balance sheet. However for those assets and liabilities that are not being traded then it is harder to establish what the impact of the pandemic has been on fair value. We have received the estimate of fair values from our independent experts for Investments, Property and Pensions which is reflected in the financial statements.

Brexit and Property Valuations

We officially left the EU on 31st December 2020 and, whilst the deal provides a more certain position in relation to the UK's future relationship with the EU, the full implications of the deal will take some time to realise. We therefore remain in a period of uncertainty in relation to many factors that impact the construction markets and costs associated with the property market.

In any event we are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets.

COVID-19 and Property Valuations

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally however the property valuations are not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards, except as identified below.

Wilks Head and Eve (our Property Valuers) state in their report:

- In respect of Retail and specific trading related assets/sectors such as Car Parks, as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of these assets are therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the 'material valuation uncertainty' declaration, does not mean that the valuations cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared.

Any adjustment to fair value on Investments, Property and Pensions are shown on the face of the CIES, however the council is not required to show the gain or loss against the General Fund balance until the asset/liability is sold. The gain or loss is held in reserves on the balance sheet until that time. Currently the council has no plans within the next 3 years to sell any of its assets or face redemption of liabilities, valued at fair value and so does not consider there to be a risk to its general fund balance from any estimate uncertainty on its fair valued assets and liabilities as a result.

Other assumptions effecting the balance sheet are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
COVID 19 impact on Property Portfolio	Due to the impact of COVID-19 on the economy and society as a whole, there is uncertainty around the valuation of certain parts of our property portfolio as at the 31/03/21 (specifically retail and specific trading assets as mentioned above). The valuation report refers to this uncertainty and the caution that should be attached to the fair value figures reported in the financial statements	The value of Investment Property which are subject to a fair value valuation is £61m. For every fall of 1% in the value of these assets the impact on the CIES would be £610k. There would be no impact on General Fund balance or council tax payers until such a time the asset is disposed of. The council has no plans to sell any of its property portfolio in the next 3 years.
Fair Value measurement	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the council's assets and liabilities. Where Level 1 inputs are not available, the council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the council's external valuer). Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in notes 18 and 19.	The council uses market rental and sales values, along with other observable inputs to measure the fair value of some of its investment properties. The significant unobservable inputs (Level 3) is used in the fair value measurement of both the Golf Club and Sports Club Land. The valuers have based these valuations on comparative information on limited rental evidence based on rental value and yields. The total gross value of the two assets valued using Level 3 (Significant Unobservable Inputs) is £327,800. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.
Business Rates Provisions	Since the introduction of Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2020/2021 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2021. The appeals provision required relating to periods prior to the 1 April 2017 list has been estimated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date, up to and including 31 March 2017. For appeals relating to the new valuation list from the 1 April 2017 there is no historical data about successful appeals. Therefore we have followed national guidance based on the national average used in England which equates to a rate of 3.4% of the rateable value.	The appeals provision (for pre 1st April 2017 valuation lists) has been calculated using historic data for appeal success per category of appeal (as provided by the Valuation Office - VOA). Using this data we have extrapolated an appeals figure assuming the success rate is representative of what will happen in future. There is a likelihood that some appeals will be settled differently to anticipated, which could cause a large refund of previous years' rates. For appeals since the 1 April 2017 list a rate of 3.4% has been used. The provision this year is £1.8m (our share only). If successful appeals are significantly higher than expectations the impact will be on short term cash flows, and that the council will not achieve its budgeted income from business rates in that year.

Pensions Liability	<p>The assumptions under the Accounting Standard are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries/deferred pension revaluation/pension increases in payment), can have a significant effect on the value of the obligations reported. There is also uncertainty around life expectancy, and the value of current and future pension benefits will depend on how long pensions are assumed to be in payment. The disclosures have been prepared using the longevity assumptions stated in Note 36.</p>	<p>The effects on the scheme liabilities of changes in individual assumptions can be measured and the sensitivities regarding the principal assumptions are set out below:</p> <p>The main demographic assumption is around the life expectancy of members. The actuary estimates that a one year increase in life expectancy would increase the Employer's Defined Benefit Obligation by around 3-5%.</p>	
	Change in assumptions at year ended 31 March 2021	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
	0.5% decrease in Real Discount Rate	10%	9,948
	0.5% increase in the Salary Increase Rate	1%	1,001
0.5% increase in the Pension Increase Rate (CPI)	9%	8,739	

5. EXPENDITURE AND FUNDING ANALYSIS

	2019/20	Net Expenditure in the CIES		2020/21	Net Expenditure in the CIES
	Net Expenditure Chargeable to the General Fund			Adjustments between the Funding and Accounting Basis (Note 12)	
	£'000	£'000		£'000	£'000
	217	27	244	225	54
	2,899	1,135	4,034	3,839	1,311
	2,081	416	2,497	2,055	619
	0	0	0	-479	0
	826	53	879	664	59
	120	28	148	98	26
	965	468	1,433	777	594
	1,574	-1,071	503	2,035	-1,640
	301	306	607	230	465
	8,983	1,362	10,345	9,444	1,488
			Total Cost of Continuing Operations		
	2,073	-365	1,708	2,146	-3,555
	-2,359	663	-1,696	-2,232	169
	-11,187	-4,014	-15,201	-23,791	6,976
	-11,473	-3,716	-15,189	-23,877	3,590
	-2,490	-2,354	-4,844	-14,433	5,078
	14,688			17,178	
	2,490			14,433	
	17,178			31,611	
			Closing General Fund Balance at 31 March		
	800		Closing Balance made up of	800	
	16,378		General Fund Balance	30,811	
	17,178		Earmarked Reserves (note 12)	31,611	

6. Expenditure and Funding Analysis detail

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement 2020/2021	Adjustment for Capital Purposes £'000	Net Change to the Pensions Adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive Unit	0	13	41	54
Community Services	967	154	190	1,311
Corporate Services	71	235	313	619
Democratic Services	0	29	30	59
Deputy Chief Executive Unit	0	11	15	26
Development Services	22	243	329	594
Finance and Asset	-45	-1,726	131	-1,640
One Legal	3	194	268	465
Total Cost of Continuing Operations	1,018	-847	1,317	1,488
Other Operating Expenditure	-3,555	0	0	-3,555
Financing and Investment Income and Expenditure	731	652	-1,214	169
Taxation and Non-Specific Grant Income and Expenditure	-1,292	0	8,268	6,976
Difference between General Fund surplus or deficit and CIES surplus on the provision of services	-3,098	-195	8,371	5,078

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Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement 2019/2020	Adjustment for Capital Purposes £'000	Net Change to the Pensions Adjustment £'000	Other Differences £'000	Total Adjustments £'000
Chief Executive Unit	0	27	0	27
Community Services	886	249	0	1,135
Corporate Services	18	398	0	416
Democratic Services	0	53	0	53
Deputy Chief Executive Unit	0	28	0	28
Development Services	15	453	0	468
Finance and Asset	490	-1,561	0	-1,071
One Legal	0	306	0	306
Total Cost of Continuing Operations	1,409	-47	0	1,362
Other Operating Expenditure	-365	0	0	-365
Financing and Investment Income and Expenditure	-1,159	828	994	663
Taxation and Non-Specific Grant Income and Expenditure	-456	0	-3,558	-4,014
Difference between General Fund surplus or deficit and CIES surplus on the provision of services	-571	781	-2,564	-2,354

7. Segmental Income

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

Revenues from external customers	2019/2020 £'000	2020/2021 £'000
Rents, Lettings, Wayleaves, Easements	-2,780	-3,409
Development Services - Planning Fees	-857	-1,097
One Legal - recharges for services to other local authorities	-877	-961
Community Services - Garden Waste Income	-883	-956

Material income from Grants and Contributions is disclosed on Note 34. No other material sources of income has been identified.

8. Expenditure & Income Analysed By Nature

	2019/2020 £'000	2020/2021 £'000
Expenditure		
Employee Benefits	10,104	11,130
Other Services	26,162	26,592
Capital Adjustments resulting in a loss	2,752	2,203
Interest Payments	458	552
Precepts and Levies	2,073	2,145
Payments to Housing Capital Receipts Pool	0	0
Gain on Disposal of Assets	0	0
COVID-19 Business Grants	0	3,456
Total Expenditure	41,549	46,078
Income		
Fees, Charges & Other Service Income	-6,910	-9,398
Interest & Investment Income	-2,884	-3,664
Capital adjustments resulting in a gain	-1,523	-4,583
Council Tax, Non-Domestic Rates & District Rates	-9,668	-10,349
Government Grants & Contributions	-25,408	-21,382
COVID-19 Business Grants	0	-3,935
COVID-19 Grants	0	-2,122
Total Income	-46,393	-55,433
Surplus/Deficit	-4,844	-9,355

9. Material Items of Income and Expense

There are no items of material income and expense that are not identified elsewhere in the accounts. For the purpose of this note the council considers material items to be those greater than £750k.

10. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Head of Finance & Asset Management on 15th September 2021. Events taking place after this date are not reflected in the financial statements or notes.

11. Adjustments Between Accounting Basis and Funding Basis Under Regulations

2019/2020 Usable Reserves			2020/2021 Usable Reserves		
General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to revenue reserves					
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements</i>					
-781	0	0			
			Pension costs (transferred to (or from) the Pensions Reserve)	195	0
0	0	0	Financial instruments (transferred to the Financial Instruments Adjustment Account)	574	0
-994	0	0	Available for Sale (transferred from the Available for sale Adjustments Account)		0
3,027	0	0	Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	-8,268	0
-6	0	0	Holiday pay (transferred to the Accumulated Absences Reserve)	-1,318	0
-599	0	0	Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the capital adjustment account)	-1,748	0
647	0	0	Total Adjustments to revenue resources	-10,565	0
Adjustments between revenue and capital resources					
365	-169	0	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	212	-212
0	0	0	Payments to the government housing receipts pool (funding by a transfer from the Capital Receipts Reserve)	0	0
537		0	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	640	0
349		0	Capital Expenditure financed from revenue balances (transfers to the Capital Adjustment Account)	0	0
1251	-169	0	Total adjustments between revenue and capital resources	852	-212
Adjustments to capital resources					
	186		Use of the Capital Receipts Reserve to finance capital expenditure	263	
456		85	Receipt and Application of capital grants to finance capital expenditure	4,635	-3,445
			Cash payments in relation to deferred capital receipts		
456	186	85	Total adjustments to capital resources	4,635	-3,445
2,354	17	85	Total adjustments	-5,078	-3,445

12. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/2021.

	Balance 31/03/2019	Movement 2019/2020	Balance 31/03/2020	Movement 2020/2021	Balance 31/03/2021
	£'000	£'000	£'000	£'000	£'000
Asset Management Reserve****	1,149	173	1,149	173	1,322
Borough Growth Reserve	1,270	-642	1,270	-642	628
Borough Regeneration Reserve	89	-7	89	-7	82
Business Rates Earmarked Reserve	0	0	0	4,916	4,916
Business Rates Reserve*	499	1	499	1	500
Business Support Reserve	125	401	125	879	1,004
Business Transformation Reserve	618	381	618	381	999
Climate Change Reserve	0	0	0	404	404
Community Support Reserve	99	736	99	785	884
Council Tax Reserve	0	0	0	251	251
Development Management Reserve	180	305	180	305	485
Development Policy Reserve	265	646	265	646	911
Elections Reserve	41	150	41	150	191
Flood Support and Protection Reserve	10	0	10	0	10
Garden Town Reserve	0	0	0	1,202	1,202
Health & Leisure Development reserve	2	99	2	99	101
Horsford Reserve	70	5	70	5	75
Housing & Homeless Reserve	609	-66	609	-66	543
Information Technology Reserve	110	121	110	121	231
Insurance Reserve	50	10	50	10	60
Investment Reserve	0	0	0	350	350
Mayors Charity Reserve	5	0	5	0	5
MTFS Equalisation Reserve***	0	0	0	2,781	2,781
Open Space & watercourse Reserve	876	-138	876	-138	738
Organisational Development Reserve	115	-11	115	-11	104
Planning Obligation Reserve **	8,975	646	8,975	645	9,620
Risk Management Reserve	10	250	10	250	260
Waste & Recycling Development Reserve ****	1,210	943	1,210	943	2,153
Totals	16,377	4,003	16,377	14,434	30,811

Material Reserves

* The Business Rates Reserve is required due to the accounting requirements of the retained business rates legislation. The financial statements reflect the position estimated prior to the start of the financial year rather than the true year end position.

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

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

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

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

***** Monies for Garden Town are included in this reserve

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

***** Expanded retail and nursery relief, paid in advance by Central Government, held in a reserve to pay for 2021/22 deficit.

13. Other Operating Income & Expenditure

2019/2020 £'000		2020/2021 £'000
0	Community Infrastructure Levy Capital Receipts	-3,342
2,073	Parish Council Precepts	2,145
0	Payments to Government Housing Capital Receipts Pool	0
-317	Gains/Losses on Disposal Of Non-Current Assets	-123
-48	Other Income - Right to Buy Sales	-89
<u>1,708</u>		<u>-1,409</u>

14. Financing & Investment Income & Expenditure

2019/2020 Restated £'000		2020/2021 £'000
458	Interest payable and similar charges	552
-244	Interest receivable and similar income	-186
828	Net interest on the net defined benefit liability	652
-1,159	Income and expenditure in relation to changes in investment properties fair value	731
-2,364	Income and expenditure in relation to investment properties	-2,871
785	Gains/losses and dividends for financial instruments classified as fair value through profit and loss	-941
<u>-1,696</u>		<u>-2,063</u>

15. Taxation and Non Specific Grant Income and Expenditure

2019/2020 £'000		2020/2021 £'000
-6,291	Council Tax Income	-6,698
-3,377	Non-domestic rates income and expenditure	2,823
-23	Revenue Support Grant	-23
-5,054	Other Non-Ring fenced Government Grants	-5,840
0	Expanded Retail Relief - Non-domestic rates	-4,539
-456	Capital Grants and Contributions	-1,292
0	COVID-19 Grants	-1,247
<u>-15,201</u>		<u>-16,816</u>

16. Property, Plant and Equipment

Movements in 2020/21

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
Cost or Valuation							
At 1 April 2020	23,918	6,653	326	22	0	159	31,078
Additions	0	200	0	0	0	794	994
Transfers	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-192	0	0	0	0	0	-192
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	369	0	0	0	0	0	369
Derecognition-disposals	0	0	0	0	0	0	0
Reclassified to/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or revaluation	0	0	0	0	0	0	0
At 31 March 2021	24,095	6,853	326	22	0	953	32,249
Accumulated Depreciation and Impairment							
At 1 April 2020	0	-4,582	-120	0	0	0	-4,702
Depreciation charge	-336	-632	-9	0	0	0	-977
Depreciation written out to Revaluation Reserve	261	0	0	0	0	0	261
Depreciation written out to the Surplus/Deficit on the Provision of Services	75	0	0	0	0	0	75
Derecognition-disposals	0	0	0	0	0	0	0
At 31 March 2021	0	-5,214	-129	0	0	0	-5,343
Net Book Value							
At 31 March 2021	24,095	1,639	197	22	0	953	26,906
At 31 March 2020	23,918	2,071	206	22	0	159	26,376

16. Property, Plant and Equipment (continued)
Movements in 2019/20

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
Cost or Valuation							
At 1 April 2019	23,883	6,260	327	22	0	129	30,621
Additions	0	392	0	0	0	30	422
Transfers	0	0	0	0	0	0	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	358	0	0	0	0	0	358
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	-219	0	0	0	0	0	-219
Derecognition-disposals	-104	0	0	0	0	0	-104
Reclassified to/from Held for Sale	0	0	0	0	0	0	0
Other movements in cost or revaluation	0	1	-1	0	0	0	0
At 31 March 2020	23,918	6,653	326	22	0	159	31,078
Accumulated Depreciation and Impairment							
At 1 April 2019	0	-3,971	-112	0	0	0	-4,083
Depreciation charge	-335	-611	-8	0	0	0	-954
Depreciation written out to Revaluation Reserve	257	0	0	0	0	0	257
Depreciation written out to the Surplus/Deficit on the Provision of Services	78	0	0	0	0	0	78
Derecognition-disposals	0	0	0	0	0	0	0
At 31 March 2020	0	-4,582	-120	0	0	0	-4,702
Net Book Value							
At 31 March 2020	23,918	2,071	206	22	0	159	26,376
At 31 March 2019	23,883	2,289	215	22	0	129	26,538

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16. Property, Plant and Equipment (continued)

Depreciation

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

- Other Land and Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, Plant, Furniture & Equipment – 5 - 7 years
- Photovoltaic Solar Panels – 25 years
- Infrastructure – as estimated by the valuer or Project Officer

Capital Commitments

As at 31 March 2021, the Council has not entered into any material capital contracts to undertake works on assets that are owned

Effects of Changes in Estimates

In 2020/2021, the council made no changes to its accounting estimates for Property, Plant and Equipment.

Revaluations

During 2014/2015 financial year the council undertook a tender exercise and appointed Wilks Head and Eve LLP as our external valuers for a 5 year period until 2020. There is also an option to extend the contract by 2 further years, which the council has done. The contract requires that all its Property, Plant and Equipment, required to be measured at current value, is revalued annually as at the 31 March. Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

An annual impairment review has not been required as all relevant assets have been valued as at the 31 March. The council has provided the valuers with information regarding the known condition of the assets as at that date, to inform the valuation process.

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

	Other Land & Buildings	Vehicles, Plant & Equipment	Community and Infrastructure Assets	Assets under Construction	TOTAL
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	1,639	219	0	1,858
Carried at cost incurred to date	0	0	0	953	953
Valued at current value	24,095	0	0	0	24,095
Total Cost or Valuation	24,095	1,639	219	953	26,906

17. Investment Properties

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

2019/2020 £'000		2020/2021 £'000
-2,323	Rental income from investment property	-3,003
8	Direct operating expenses arising from investment property	24
-2,315	Net (gain)/loss	-2,979

Rental Income has increased from the previous year due to purchasing 2 new investment properties and various rent renegotiations.

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

The following table summarises the movement in the fair value of investment properties over the year:

2019/2020 £'000		2020/2021 £'000
40,861	Balance 1 April	42,020
	Additions:	
0	Purchases	19,740
0	Construction	0
0	Subsequent expenditure	0
0	Disposals:	0
1,159	Net gains/losses from fair value adjustments	-731
	Transfers:	
0	to/from Inventories	0
0	to/from Property, Plant and Equipment	0
42,020	Balance 31 March	61,029

Fair Value Hierarchy

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

	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (Level 3)	Fair Value as at the 31 March
	£'000	£'000	£'000	£'000
Land	0	1,617	0	1,617
Commercial Units	0	59,084	0	59,084
Other	0	0	328	328
Total as at 31 March 2021	0	60,701	328	61,029

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

17. Investment Properties (continued)

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

Significant Observable Inputs – Level 2

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

Significant Unobservable Inputs – Level 3

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

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

The value of assets categorised within Level 3 as at the 31 March 2021 is £328k (value as at 31 March 2020 was £470k). There has been no change in the assets identified in this category.

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

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

Valuation Process for Investment Properties

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

18. Financial Instruments

Financial Instruments - Classifications

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

Financial Liabilities

Financial Liabilities

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

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

- Long-term loans from the Public Works Loan Board and commercial lenders
- Short-term loans from other local authorities
- Trade payables for goods and services received

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

Financial Liabilities	Long Term		Short Term	
	31/03/2021 £000s	31/03/2020 £000s	31/03/2021 £000s	31/03/2020 £000s
Loans at amortised cost:				
- Principal sum borrowed	20,867	18,500	18,533	26,333
- Accrued interest	0	0	197	188
At fair value through profit & loss:				
- Fair value	0	0	0	0
Total Borrowing *	20,867	18,500	18,730	26,522
Liabilities at amortised cost:				
- Trade Payables	0	0	877	1,408
Included in Creditors **	0	0	877	1,408
Total Financial Liabilities	20,867	18,500	19,608	27,930

* The total short-term borrowing includes £154k representing accrued interest on long-term borrowing, as well as the principal and interest due on repayments within 12 months.

** The creditor lines on the Balance Sheet include £10,825k (2020: £14,383k) short-term creditors that do not meet the definition of a financial liability as they relate to non-exchange transactions, to give a total creditors figure of £11,702k (2020: £15,791k) per the Balance Sheet.

Financial Assets

A financial asset is a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the council. The financial assets held by the council during the year are accounted for under the following classifications:

1) Amortised Cost

This is where cash flows are solely payments of principal and interest and the council's business model is to collect those cash flow and comprises:

- Cash in hand
- Bank current and deposit accounts with Barclays bank
- Fixed term deposits and reverse repurchase agreements with banks and building societies
- Loans to other local authorities
- Loans to small companies and housing associations
- Trade receivables for goods and services provided

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the council.

2) Fair Value through Other Comprehensive income

The council does not hold any financial instruments which are designated in this category

3) Fair Value through Profit and Loss

- Money market funds managed by external fund managers
- Pooled bond, equity and property funds managed by external fund managers

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

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

Financial Assets	Long Term		Short Term	
	31/03/2021 £000s	31/03/2020 £000s	31/03/2021 £000s	31/03/2020 £000s
<i>At amortised cost:</i>				
- Principal	0	3,000	5,000	26,000
- Accrued interest	0	0	17	80
<i>At fair value through profit & loss:</i>				
- Fair value	8,453	7,879	0	0
Total Investments	8,453	10,879	5,017	26,080
<i>At amortised cost:</i>				
- Principal	0	0	2,000	187
- Accrued interest	0	0	1	1
<i>At fair value through profit & loss:</i>				
- Fair value	0	0	3,000	7,000
Cash Held			14	-345
Cash in Transit			171	139
Total Cash and Cash Equivalents	0	0	5,186	6,982
<i>At amortised cost:</i>				
- Trade receivables	290	272	2,976	1,144
Included in Debtors *	290	272	2,976	1,144
Total Financial Assets	8,743	11,151	13,180	34,206

* The debtors lines on the Balance Sheet include £5,947k (2020: £2,656k) short-term debtors that do not meet the definition of a financial asset, as they relate to non-exchange transactions, give a total for short term debtors on the Balance Sheet of £8,923k (2020: £4,813k).

* Also the long term debtors on the balance sheet include £2,166k which do not meet the definition of a financial asset, as they relate to non exchange transaction, give a total for long term debtors on the Balance Sheet of £2,457.

* Debtors includes £63k (2020: £69k) of dividend payments earned on pooled fund instruments held at fair value through profit and loss

18. Financial Instruments (continued)

Financial Instruments - Gains and Losses

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

	Financial Liabilities		Financial Assets		2020/2021 Total £'000	2019/2020 Total £'000
	Amortised Cost	Fair Value through Profit & Loss	Amortised Cost	Fair Value through Profit & Loss		
	£'000	£'000	£'000	£'000		
Interest expense	552	0	0	0	552	458
Losses from change in fair value	0	0	0	0	0	994
Interest payable and similar charges **	552	0	0	0	552	1,453
Interest income	0	0	-186	0	-186	-244
Dividend income	0	0	0	-366	-366	-210
Gains from changes in fair value	0	0	0	-574	-574	0
Impairment loss reversals	0	0	0	0	0	0
Interest and investment income **	0	0	-186	-941	-1,127	-454
Net impact on surplus/deficit on	552	0	-186	-941	-574	999
Net Gain/(Loss) for the Year	552	0	-186	-941	-574	999

There have been no recorded losses on de-recognition of financial instruments, other than those held as trade debtors which have been written off during the year which totalled £30k in the financial year, all of which was charged against the bad debt provision.

Financial Instruments - Fair Values

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. A calculation has been made of what their fair values would be by estimating the net present value of the remaining contractual cash flows at 31 March 2021, using the following methods and assumptions:

- Loans borrowed by the council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.

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

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

Financial liabilities

	Fair Value Level	Balance Sheet 31 March 2021 £000s	Fair Value 31 March 2021 £000s	Balance Sheet 31 March 2020 £000s	Fair Value 31 March 2020 £000s
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	20,867	22,636	18,500	19,456
TOTAL		20,867	27,083	18,500	19,456
Liabilities for which fair value is not disclosed *		30,306		27,930	
TOTAL FINANCIAL LIABILITIES		51,173		46,430	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		11,576		15,791	
Short-term borrowing		18,730		26,522	
Long-term borrowing		20,867		18,500	
TOTAL FINANCIAL LIABILITIES		51,173		46,430	

* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount. The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

Financial Assets

	Fair Value Level	Balance Sheet 31 March 2021 £000s	Fair Value 31 March 2021 £000s	Balance Sheet Restated 31 March 2020 £000s	Fair Value 31 March 2020 £000s
<i>Financial assets held at fair value:</i>					
Money market funds	1	3,000	3,000	7,000	7,000
Bond, equity and property funds	1	8,453	8,453	7,879	7,879
TOTAL		11,453	11,453	14,879	14,879
Assets for which fair value is not disclosed *		18,627		34,148	
TOTAL FINANCIAL ASSETS		30,080		49,027	
<i>Recorded on balance sheet as:</i>					
Long-term debtors		2,457		273	
Long-term investments		8,453		10,879	
Short-term debtors		8,967		4,813	
Short-term investments		5,017		26,080	
Cash and cash equivalents		5,186		6,982	
TOTAL FINANCIAL ASSETS		30,080		49,027	

* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount. The fair value of short term investment financial assets held at amortised cost is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made. The difference between fair value and amortised cost is £45,531, and therefore not material.

Property funds totalling £3.708m have been moved from level 2 to level 1 of the hierarchy for 2020/21 reflecting the resumption of an active market in these instruments.

19. Short Term Debtors

The balances outstanding at 31 March are summarised as follows:

	2019/2020 £'000	2020/2021 £'000
Local Tax Collection - Government bodies	1,031	2,292
Local Tax Collection - Ratepayer Arrears	458	1,206
Trade Debtors	1,247	1,670
Other Debtors	2,373	3,028
Prepayments & accrued income	1,330	2,503
Gross Debts	6,439	10,699
less Bad Debt Impairments	- 1,626	- 1,776
Total Net Debtors	4,813	8,923

20. Cash and Cash Equivalents

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

	2019/2020 £'000	2020/2021 £'000
Cash held by the council	62	127
Bank current accounts	-268	57
Short-term deposits	17,198	5,002
Total Cash and Cash Equivalents	16,992	5,186

21. Short Term Creditors

The balances outstanding at 31 March are summarised as follows:

	2019/2020 £'000	2020/2021 £'000
Local Tax Collection - Precepting/billing authorities	11,314	4,296
Local Tax Collection - Ratepayer Accounts	202	302
Other Taxation	-	-
Trade Creditors	1,592	1,379
Other creditors	2,683	5,725
Total	15,791	11,702

* The 2020/21 figure includes £1.54m of receipts in advance.

22. Provisions

22.1 Short Term Provisions

	Outstanding Legal Cases	Business Rate Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2020	307	288	69	664
Additional provisions made	204	310	90	604
Amounts used	2	280	0	282
Unused amounts reversed	0	8	69	77
Balance at 31 March 2021	509	310	90	909

22.2 Long Term Provisions

	Outstanding Legal Cases	Business Rate Appeals	Other Provisions	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2020	0	2,595	16	2,611
Additional provisions made	0	192	0	192
Amounts used	0	0	0	0
Unused amounts reversed	0	0	0	0
Balance at 31 March 2021	0	2,787	16	2,803

Description of main provisions

Outstanding Legal Cases

There are a number of planning appeals and planning related High Court proceedings which remain unresolved at 31st March 2021 and for which a provision of £180k has been included. These relate to an appeal against refusal of planning permission on land at Coombe Hill, as well as High Court cases where the Council has commenced / is responding to proceedings including challenges to an appeal decision at Gotherington and to a Local Government Ombudsman decision.

Other Provisions

There is a provision relating to the administration of Municipal Mutual Insurance which went into administration in 1992. Following the ruling of the supreme court in relation to mesothelioma claims the MMI scheme administrators have made an initial clawback of 15% (£23,954) and a subsequent clawback of a further 10% as there will not be a solvent run off of the company. Since there may be further clawback in the future £15,967 (10%) has been set aside as a long term provision to cover this possibility. This will be kept under review as further information becomes available

There is a provision of £3,097k at the 31 March 2021 relating to business rate appeals apportioned to the council. The appeals are from a range of organisations that have submitted appeals to the Valuation Office agency.

There is an ongoing provision of £239k which is to cover any ongoing legal costs incurred as part of the councils statutory responsibility to investigate two Health & Safety at work accidents within Tewkesbury Borough business premises.

23. Usable Reserves

Movements in the council's usable reserves are detailed in the Movement in Reserves Statement and Notes 5 and 11 and 12.

24. Unusable Reserves

24.1 Revaluation Reserve

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

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

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

2019/2020 £'000		2020/2021 £'000
7,731	Balance at 1 April	8,163
615	Upward revaluation of assets & reversal of previous impairment losses	69
0	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	0
-75	Difference between fair value depreciation and historical cost depreciation	-82
-108	Accumulated gains on assets sold, scrapped or transferred	0
<u>8,163</u>	Balance at 31 March	<u>8,150</u>

24.2 Capital Adjustment Account

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

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the council.

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

24. Unusable Reserves (continued)

2019/2020 £'000	Capital Adjustment Account	2020/2021 £'000
23,512	Balance at 1 April	24,516
	<i>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</i>	
-954	Charges for depreciation and impairment of non-current assets	-977
-141	Revaluation losses on Property, Plant and Equipment	445
-57	Amortisation of intangible assets	-60
-572	Revenue expenditure funded from capital under statute from Capital Grants	0
-34	Revenue expenditure funded from capital under statute from Capital Receipts	-425
75	Adjusting amounts written out of the Revaluation Reserve	82
-86	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	0
	<i>Capital financing applied in the year:</i>	
156	Use of the Capital Receipts Reserve to finance new capital expenditure	236
572	Application of grants to capital financing from the Capital Grants Unapplied Account	1,217
537	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	640
349	Capital expenditure charged against the General Fund	0
1,159	Movements in the market value of Investment and donated properties debited or credited to the Comprehensive Income and Expenditure Statement	-731
24,516	Balance at 31 March	24,943

24.3 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2019/2020 £'000		2020/2021 £'000
-34,017	Balance at 1 April	-28,800
5,998	Remeasurements of the net defined benefit liability/(asset)	-8,369
-3,781	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-2,742
3,000	Employer's pensions contributions and direct payments to pensioners payable in the year	2,937
<u>-28,800</u>	Balance at 31 March	<u>-36,974</u>

24.4 Collection Fund Adjustment Account

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

2019/2020 £'000		2020/2021 £'000
564	Balance at 1 April	3,591
3,027	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements.	-8,268
<u>3,591</u>	Balance at 31 March	<u>-4,677</u>

24.5 Financial Instruments Revaluation Reserve

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

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

2019/2020 £'000		2020/2021 £'000
-120	Balance at 1 April	-1,114
0	Fair value gain on financial instruments	574
-994	Fair value losses on financial instruments	
<u>-1,114</u>	Balance at 31 March	<u>-540</u>

25. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2019/2020 £'000	2019/2020 £'000		2020/2021 £'000
Original	Restated	Specific Inflows	
414	414	Interest received	249
-432	-432	Interest paid	-544
-27	-27	Dividends received	372
<u>-45</u>	<u>-45</u>		<u>77</u>

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

2019/2020 £'000	2019/2020 £'000		2020/2021 £'000
Original	Restated		
954	954	Depreciation	977
141	141	Impairment & downward valuations	-444
56	56	Amortisation	60
0	0	Change in impairment for bad debts	0
6,027	6,027	Change in creditors	2,672
-47	-437	Change in debtors	-1,854
0	0	Change in Inventories	0
781	781	movement in pension liability	-195
194	194	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	0
-3,696	-3,696	Other non-cash items charged to the net surplus or deficit on the provision of services	591
<u>4,410</u>	<u>4,020</u>		<u>1,807</u>

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

2019/2020 £'000	2019/2020 £'000		2020/2021 £'000
Original	Restated		
14,872	14,872	Proceeds from short term and long term investments	135,000
-559	-169	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-205
-486	-876	Any other items which cash effects are investing or financing cash flows	-4,641
<u>13,827</u>	<u>13,827</u>		<u>130,154</u>

26. Cash Flow Statement – Investing Activities

2019/2020 £'000	2019/2020 £'000		2020/2021 £'000
Original	Restated		
-471	-471	Purchase of property, plant and equipment, investment property and intangible assets	-20,129
-27,873	-37,883	Purchase of short-term and long-term investments	-111,000
169	169	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	74
0	0	Proceeds from short-term and long-term investments	0
96	486	Other Receipts from Investing activities	1,654
<u>-28,079</u>	<u>-37,699</u>	Net cash flows from investing activities	<u>-129,401</u>

27. Cash Flow Statement – Financing Activities

2019/2020 £'000		2020/2021 £'000
24,833	Cash receipts of short and long-term borrowing	34,000
0	Other receipts from financing activities	0
-8,000	Repayments of short and long-term borrowing	-39,433
0	Other payments for financing activities	-8,278
<u>16,833</u>	Net cash flows from financing activities	<u>-13,711</u>

28. Agency Services

The council provides payroll services for the Wheatpieces Parish Council involving the payment of £38k to employees and £10k to Her Majesty's Revenue and Customs. The organisation pays £317 for the service.

29. Members' Allowances

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

	2019/2020 £'000	2020/2021 £'000
Allowances	340	348
Mileage & Subsistence	6	0
Other Expenses	0	0
Total Reimbursement	346	348

The above figures include a basic allowance for each member of £7,350k (2019/2020 £7,200k)

30. Officers' Remuneration

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

Post Title	Note	Year	Salary, Fees and Allowances £'000	Pension Contributions £'000	Total Remuneration £'000
Current Posts					
Chief Executive		2020/2021	107	0	107
		2019/2020	97	2	99
Deputy Chief Executive		2020/2021	74	14	88
		2019/2020	91	16	107
Borough Solicitor	1	2020/2021	96	19	115
		2019/2020	94	16	110
Section 151 Officer (Chief Finance Officer)		2020/2021	78	15	93
		2019/2020	74	13	87
Total		2020/2021	355	48	403
		2019/2020	356	47	403

Notes

1. The Deputy Chief Executive left the authority on 03/01/2021.

2. The Borough Solicitor provides services for both the council and Cheltenham Borough Council. She is formally employed by the council and Cheltenham Borough is recharged 34.79% of her salary and other remuneration.

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

Remuneration Band	Number of Employees	
	2019/2020 Total	2020/2021 Total
£50,000 - £54,999	2	3
£55,000 - £59,999	2	1
£60,000 - £64,999	1	3
£65,000 - £69,999	4	0
£70,000 - £74,999	2	5
£75,000 - £79,999	2	1
	11	13

31. Officers' Remuneration (continued)

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

Exit package cost band (including special payments)	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band		
	£	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020 £'000	2020/2021 £'000
0 - 20,000		0	0	0	0	0	0	0	0
20,001 - 40,000		0	0	0	1	0	1	0	25
40,001 - 60,000		0	0	0	0	0	0	0	0
60,001 - 80,000		0	0	0	0	0	0	0	0
Total		0	0	0	1	0	1	0	25

06

Termination Benefits

There are no potential termination benefits due in the 2021/2022 financial year as a result of decisions made before the 31 March 2021.

31. Audit Costs

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

	2019/2020 £'000	2020/2021 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	49	35
Fees payable to Grant Thornton for the certification of grant claims and returns.	16	25
Fees payable to Grant Thornton in respect of additional external audit fees.	0	0
	<u>65</u>	<u>60</u>

32. Grant Income

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

	2019/2020 £'000	2020/2021 £'000
Credited to Taxation and Non Specific Grant Income		
S.31 Grants & Contributions (supporting the NDR regime)	-1,767	-6,474
Revenue Support Grant	-23	-23
New Homes Bonus Grant	-3,273	-3,763
Council Tax income compensation	0	-128
Other Grants	-14	-14
Covid Support Grants - Emergency funding for LA spending Pressures	0	-1,248
	<u>-5,077</u>	<u>-11,650</u>
Capital Grants		
Disabled Facilities Grants	-486	-500
Ashchurch Bridge - as per Homes England	0	-792
Other Capital Grants	0	0
	<u>-486</u>	<u>-1,292</u>
Total	<u>-5,563</u>	<u>-12,942</u>

32. Grant Income (continued)

	2019/2020 £'000	2020/2021 £'000
Grants Credited to Services		
Ministry of Housing, Community & Local Govt (MHCLG)		
COVID-19 Business Grants		
ARGR: Additional Restrictions Support Grant	0	-2744
LRSO: Local Restrictions Support Grant (Open)	0	-307
DCBG Discretionary Covid business Grants	0	-883
Local Taxation Administration Grants	-146	-120
Planning Related Grants	-17	-20
Garden Towns	-750	-658
Homelessness Grants	-289	-176
Community Recovery Flooding	0	-93
Covid Support Grants		
Sales Fees and Charges Support Grant	0	-475
Covid Other Support	0	-100
Self-isolation payments funding	0	-156
Other MHCLG Grants	-125	-83
Dept. Work & Pensions Grants		
Housing Benefit Administration & Associated Grants	-162	-172
Housing Benefit Grant	-13,346	-13,740
Discretionary Housing Payments Subsidy	-108	-94
Other DWP Grants	-78	-49
Dept. for Business, Energy and Industrial Strategy (BEIS)		
Business Flood Grant	0	-240
Heating Replacement Grant	0	-304
Covid Support Grants		
New Burdens	0	-355
England Sports Council		
Covid National Leisure Recovery Fund	0	-172
Cabinet Office		
European Elections	-127	0
Parliamentary Elections	-152	-29
Other Grants	-10	0
Other Government Grants	-13	-1
Contributions Credited to Services		
Gloucestershire County Council Contributions		
Waste Incentive Contributions	-100	-87
Covid Environmental Health Officers Compliance Work	0	-200
Flood Works and Water Management	-22	0
Covid Emergency - Community Resilience Fund 2020	0	-50
Covid Compliance	0	-50
Health Initiatives	0	-113
Other GCC contributions	-10	-56
Strategic Planner - Contributions from various Local Councils	-75	0
Joint Core Strategy - Contributions from Cheltenham Borough Council a	-120	-85
Health Initiatives from CCG	0	-100
Other Contributions from Central Government bodies	-5	-12
Other Contributions from Other bodies	-45	-84
Contributions in relation to S.106 agreements	-4,175	-1,483
Total	-19,875	-23,291
Agency Grants - not credited to services		
Covid Business Grants		
CADP: Closed Addendum Payment (lockdown)	0	-3321
CSPP: Christmas Support Payment Pubs	0	-32
LRSC: Local Restrictions Support Grant (Closed)	0	-296
LRSG: Local Restrictions Support Grant (Closed) Addendum	0	-4509
CVBG Coronavirus Business Rate Grant for Small Business	0	-17065
Garden Towns	0	-1500
	0	-26,723
Grand Total	-25,438	-62,956

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 of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

The UK Central government has significant influence over the general operations of the council – it is responsible for providing the statutory framework within which the council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 32.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2020/2021 is shown in Note 29. Details of transactions involving Members of the council are recorded in the Register of Members' Interest, which is open to public inspection. All contracts and payments were made in accordance with the council's contract procedure rules.

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

During the year we had an arrangement to share our Monitoring Officer with Cheltenham Borough Council. As this is a senior role with independent statutory powers it is disclosed within Note 30.

Declarations made involving material financial transactions are listed below:

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

Precepts for the County and the Police Authority are shown in the Collection Fund. Total of precepts paid to parishes are shown in the Comprehensive Income and Expenditure Account on page 2.

In addition to council tax and business rate precepts, the Council also made payments of £2.4m for both grants and services to Gloucestershire County Council. 6 Borough Council members also declared a relationship with the County Council during 2020/2021.

The council provides grant funding which is available to parish councils. Many borough councillors are also parish council representatives or have a relationship with the council that they have declared. Below is an analysis of significant funding awards made to parish councils during 2020/2021

		No. of Members	Payments other than precepts £'000
Parish	Alderton	1	12
	Bishop's Cleeve	2	154
	Brockworth	3	36
	Churchdown	5	2
	Highnam	1	3
	Hucclecote	1	0
	Innsworth	2	1
	Northway	2	14
	Shurdington	1	1
	Tewkesbury Town Council	4	1
	Twyning	1	9
	Wheatpieces	1	272
	Winchcombe	3	3

33. Related Party Transactions (continued)

General Related Parties

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

Individual Borough Councillors declared the following significant related parties to the Head of Finance and Asset Management

Related Party	No. of Members	Payments 2020/2021 £'000
Brockworth Link	1	58
Brockworth Rugby Club	1	2
Cleeve Common Board of Conservators	1	25
Cotswold AONB (Cotswold Conservation Board)	2	5
Gloucestershire Wildlife Trust	1	3
Lower Severn Internal Drainage Board	1	1
Police & Crime Commissioner	1	34
Roses Theatre	1	40
Winchcombe Town Trust	1	40

Officers

The Head of Corporate Services has declared an interest in Covid-19 business grants of £45k paid to a business owned by their partner. The grants were awarded by the Covid-19 Business Grants Team based on applications received. The Head of Corporate Services was not involved in any aspect of the assessment of the grant application or the decision to award the payment. □

□

34. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed. The CFR is analysed in the second part of this note.

	2019/2020 £'000	2020/2021 £'000
Opening Capital Financing Requirement	36,791	36,254
Capital Investment		
Property Plant & Equipment	422	995
Investment Asset	0	19,740
Intangible assets	49	33
Revenue Expenditure Funded from Capital Under Statute	606	425
	<u>1,077</u>	<u>21,193</u>
Sources of finance		
Capital receipts	-156	-236
Government grants and other contributions	-572	-1,217
Sums set aside from revenue:		
Direct Revenue Contributions	-349	0
Minimum Revenue Provision	-537	-640
	<u>-1,614</u>	<u>-2,093</u>
Closing Capital Financing Requirement	<u>36,254</u>	<u>55,354</u>
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by Government financial assistance)	-537	19,100
Increase/(decrease) in Capital Financing Requirement	<u>-537</u>	<u>19,100</u>

35. Leases

The council as Lessee

Operating Leases

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

Land Land for Bishops Walk Car Park

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

	31 March 2020 £	31 March 2021 £
Not later than one year	52,022	47,764
Later than one year and not later than five years	107,112	59,375
	<u>159,134</u>	<u>107,139</u>

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

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

	2019/2020 £'000	2020/2021 £'000
Minimum Lease Payments	62	49
	<u>62</u>	<u>49</u>

36. Leases (continued)

The council as lessor

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

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

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

- For income generation purposes

A commercial office and industrial unit, Challenge House in Ashchurch near Tewkesbury
Two commercial industrial units at Clevedon, Somerset
Rental of office space within the council offices
Golf Clubhouse & Car Parking
Residential Office, The Chase, Hertfordshire
Industrial Unit in Trowbridge
Industrial Units, SPL International, Ellesmere Port
Commercial Unit in Walton on the Naze
Commercial Unit in Leamington Spa
Rental of storage space at Lower Lode Depot
Industrial Units in Vaughan Park, Tipton
Car showroom in Crawley

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

	31 March 2020	31 March 2021
	£'000 (Revised)	£'000
Not later than one year	2,552	3,245
Later than one year and not later than five years	8,854	10,906
Later than five years	5,296	11,012
	<u>16,702</u>	<u>25,163</u>

March 2020 has been revised to reflect all break clauses. We have taken a prudent approach whereas we will not receive any lease payments after this date.

We have entered into two new lease agreements for the investments properties we purchased this year. Lease payments due are £0.9m in the first year, £2.8m years 1-4 and £7.6m thereafter. Flogas terminated their lease this year, which reduced future payments by £147k. The existing long term leases have one year less left to run than last year, so the total rent due over the term of the leases will be lower.

Contingent rents received in the year were:

	2019/2020	2020/2021
	£'000	£'000
Contingent Rents	49	39

36. Defined Benefit Pension Schemes

36.1 Participation in Pension Schemes

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

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

36.2 Transactions relating to Post-employment Benefits

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

a). Comprehensive Income and Expenditure Statement	2019/2020 Restated £'000	2020/2021 £'000
Cost of Services:		
- Current service cost	2,656	2,182
- Past service cost	297	0
- Capital gain/(loss) on settlements	0	0
Financing and Investment Income and Expenditure		
- Net interest expense	828	652
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	3,781	2,834
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
- Return on plan assets (excluding the amount included in the net interest expense)	-5,286	-12,473
- Actuarial gains and losses arising on changes in demographic assumptions	3,001	1,114
- Actuarial gains and losses arising on changes in financial assumptions	7,308	20,441
- Other	1,291	-771
	6,314	8,311
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	10,095	11,145

36. Defined Benefit Pension Schemes (continued)

b). Movement in Reserves Statement	2019/2020 £'000	2020/2021 £'000
- Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	-3,781	-2,834
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employers' contributions payable to scheme	3,000	2,937

36.3 Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2019/2020 £'000	2020/2021 £'000
Present value of the defined benefit obligation	80,045	102,439
Fair value of plan assets	-51,385	-65,465
Net liability arising from defined benefit obligation	<u>28,660</u>	<u>36,974</u>

36.4 Reconciliation of the Movements in Fair Value of the Scheme Assets:

	2019/2020 £'000	2020/2021 £'000
Opening fair value of scheme assets at 1 April	54,555	51,069
Interest income	1,314	1,182
Effect of Settlements	0	0
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included in the net interest expense	-5,602	12,414
Other		
Contributions from employer	3,000	2,868
Contributions from employees into the scheme	376	424
Benefits paid	-2,574	-2,492
Closing fair value of scheme assets at 31 March	<u>51,069</u>	<u>65,465</u>

36. Defined Benefit Pension Schemes (continued)

36.5 Reconciliation of Present Value of the Scheme Liabilities:

	2019/2020 £'000	2020/2021 £'000
Opening balance at 1 April	88,572	79,869
Current service cost	2,656	2,182
Effect of Settlements	0	0
Interest cost	2,142	1,834
Contributions from scheme participants	376	424
Remeasurement gain/(loss):	0	0
- Actuarial gains/losses arising from changes in demographic assumptions	-3,001	1,114
- Actuarial gains/losses arising from changes in financial assumptions	-7,308	20,441
- Other	-1,291	-771
Past Service Cost	297	-93
Benefits paid	-2,574	-2,561
Closing balance at 31 March	<u>79,869</u>	<u>102,439</u>

36.6 Local Government Pension Scheme assets comprised:

Asset category	Period Ended 31 March 2020				Period Ended 31 March 2021			
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets
Equity Securities	0	0	0	0%	0	0	0	0%
Debt Securities	6,874	0	6,874	13%	8,637	0	8,637	13%
Private Equity	0	168	168	0%	0	334	334	1%
Real Estate	2,833	1,169	4,002	8%	3,170	1,281	4,451	7%
Investment Funds and Unit Trusts	4,035	35,385	39,420	77%	4,765	45,439	50,204	77%
Derivatives	16	0	16	0%	21	0	21	0%
Cash and Cash Equivalents	590	0	590	1%	1,819	0	1,819	3%
Totals	14,348	36,722	51,070	100%	18,412	47,054	65,466	100%

36. Defined Benefit Pension Schemes (continued)

36.7 Basis for Estimating Assets and Liabilities

An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The figures disclosed below have been derived by suitable approximation methods from the full actuarial valuation of the Fund carried out by Hymans Robertson LLP as at 31 March 2019. The next formal valuation will be as at 31 March 2022.

The significant assumptions used by the actuary have been:

	2019/2020	2020/2021
Long-term expected rate of return on assets in the scheme:		
Equity investments	2.3%	1.35%
Bonds	2.3%	1.35%
Property	2.3%	1.35%
Cash	2.3%	1.35%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	21.7	21.9
• Women	23.9	24.3
Longevity at 65 for future pensioners:		
• Men	22.4	22.9
• Women	25.3	26.0
Rate of increase in salaries	2.2%	3.15%
Rate of increase in pensions	1.9%	2.85%
Rate for discounting scheme liabilities	2.3%	2.0%

36.8 Commutation

An allowance is included for future retirements to elect to take 35% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 68% of the maximum tax-free cash for post-April 2008 service.

36.9 Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be 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 sensitivity analysis below did not change from those used in the previous period.

36. Defined Benefit Pension Schemes (continued)

Impact on the Defined Benefit Obligation in the scheme

Change in assumptions at year ended 31 March 2021	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
0.5% decrease in Real Discount Rate	10%	9,948
0.5% increase in the Salary Increase Rate	1%	1,001
0.5% increase in the Pension Increase Rate (CPI)	9%	8,739

36.10 Impact on the council's cash flows

The objectives of the scheme are to keep employers' contributions at a stable, affordable rate whilst ensuring the solvency of the fund at the same time. The County Council has agreed a strategy with the scheme's actuary to cap the employer contribution rate for 3 years, until the next triennial valuation in 2022, with a stepped monetary amount to stabilise the payments.

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

The contribution rates for the accounting periods till the next triennial valuation are:

	% of payroll		Monetary amount
Certified rates for the year ending:			
31 March 2021	19.7%	plus	1,661
31 March 2022	19.7%	plus	1465
31 March 2023	19.7%	plus	1269

37. Contingent Assets & Liabilities

37.1 Contingent Assets

There are no identified contingent assets in 2020/2021.

37.2 Contingent Liabilities

We received a letter before action last week, which is notifying us of an intention by Bredon Parish Council to challenge the planning permission for the Ashchurch Road Bridge. We will not know for certain until June whether proceedings have been commenced and we are unable, at this stage, to give a precise indication of the costs which the Council is likely to incur. At worst case, we estimate the costs to be in the region of £70,000 although we will be able to provide a more accurate estimate when the case is further advanced. The procedure is that the permission of the Court will be required for the case to proceed. Once that step has been completed, it will be easier to estimate the likely costs.

Note 38. Nature and extent of risks arising from financial instruments

The council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

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

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

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

- **Credit risk - the possibility that other parties might fail to pay amounts due to the council**
- **Liquidity risk - the possibility that the council might not have funds available to meet its commitments to make payments**
- **Market risk - the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates, inflation rates and stock market movements**

Credit Risk

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

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

The table below summarises the credit risk exposures of the council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31.3.2020		31.3.2021	
	Long-term £000s	Short-term £000s	Long-term £000s	Short-term £000s
AAA	0	0	0	0
AA+	0	0	0	0
AA	0	0	0	0
AA-	0	3,000	0	0
A+	0	2,000	0	1,000
A	0	1,261	0	2,000
A-	0	0	0	2,000
BBB+	0	1,000	0	0
Unrated local authorities	0	8,000	0	2,000
Unrated building societies	0	0	0	0
Unrated housing associations	0	0	0	0
Total	0	15,261	0	7,000
Credit risk not applicable *	3,993	850	8,453	3,000
Total Investments	3,993	16,111	8,453	10,000

* Credit risk is not applicable to shareholdings and pooled funds where the council has no contractual right to receive any sum of money.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 131% (2020: 365%) to adjust for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a "D" credit rating or equivalent.

At 31 March 2021 the 12 month expected loss allowance estimate for the loan portfolio is calculated to be £2k. This loss allowance is not material to the accounts and so no adjustment has been made to balances held in the financial statements.

Credit Risk: Trade and Lease Receivables and Contract Assets

The council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

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

	Loss Allowance Calculatio %	31st March 2020 £'000	31st March 2021 £'000
Less than three months	5	70	12
Three to six months	10	196	5
Six Months to one year	15	335	90
More than one year	>20	53	94
TOTAL		654	201

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

The council has no reason to expect any losses from counterparties in relation to financial instruments held. The council can utilise the unallocated revenue reserves of £800k (working balance as at 31 March 2021) to cover any unexpected losses.

[The council has no reason to expect any losses from counterparties in relation to](#)

Liquidity Risk

The council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. The current objective as advised by our treasury management advisors, is to strike an appropriately low risk balance between securing current low interest costs and achieving certainty of those costs over the period for which funds are required. The benefits of internal/short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. The council's treasury management advisors will assist the Authority with this 'cost of carry' and breakeven analysis.

The maturity analysis of financial liabilities is as follows:

	31st March 2020	31st March 2021
	£'000	£'000
Less than one year	26,522	18,730
Between one and two years	0	0
Between two and five years	0	0
More than five years	18,500	20,867
TOTAL	<u>45,022</u>	<u>39,597</u>

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

Market Risk

Interest rate risk

The council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the council. For instance, a rise in 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 liabilities borrowings will fall.
- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise.
- Investments at fixed rates - the fair value of the assets will fall.

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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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

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

As the council only has fixed rate investments a change in the interest rate would have minimal effect on the council. However the impact of a 1% increase in interest rates on the short term investment and borrowing portfolio as at the 31 March 21 would be an additional loss of £100k (Investments £44,712, and borrowing - £144,712)

Market Risks: Price Risk

The council's investment in a pooled property fund is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31st March 2021 would result in a £192k (2020: £190k) charge to Other Comprehensive Income and Expenditure.

The council's investment in a pooled equity funds is subject to the risk of falling share prices. A 5% fall in share prices at 31st March 2021 would result in a £104k (2020: £87k) charge to Other Comprehensive Income and Expenditure.

Legal and Regulatory Risk Management

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

Inflation Risk Management

The council will manage its exposure to fluctuations in interest rates with a view to containing interest costs, or securing interest revenues, in accordance with the amounts set in its budgetary arrangements.

39. Trust Funds

The council acts as sole trustee for one trust fund and as one of several trustees for another trust.

Sole Trustee

The Horsford Trust

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

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

	2019/2020 £'000	2020/2021 £'000
Income	11	8
Expenditure	-2	-3
	<u>9</u>	<u>5</u>

Reserve held on behalf of the Trust is carried in our balance sheet. In 2020/2021 it was £75k (£70k in 2019/2020).

In this case the funds do not represent the assets of the council and therefore they have not been included only as a third party reserve in the balance sheet.

COLLECTION FUND

2019/2020			2020/2021		
£'000	£'000	£'000	£'000	£'000	£'000
Business rates	Council Tax	Total	Business rates	Council Tax	Total
Income					
0	60,496	60,496	0	63,252	63,252
0	0	0	0	0	0
39,041	0	39,041	29,926	0	29,926
390		390	127	0	127
0			0		
39,431	60,496	99,927	30,053	63,252	93,305
Total Income					
Expenditure					
Precepts, Demands and Shares					
17,969	0	17,969	18,879		18,879
14,375	6,201	20,576	15,103	6,540	21,643
3,594	44,743	48,337	3,776	47,545	51,321
0	8,663	8,663		9,091	9,091
846	0	846	11,055		11,055
250	0	250	190		190
123	0	123	120		120
37,157	59,607	96,764	49,123	63,176	112,299
Bad and Doubtful Debts:					
43		43	290		290
56	19	75	413	86	499
-5,527	0	-5,527	532		532
-5,428	19	-5,409	1,235	86	1,321
	390	390		790	790
31,729	60,016	91,745	Total Expenditure		
			50,358	64,052	114,410
			Surplus/(Deficit)		
			-20,305	-800	-21,105
Movement on Fund					
951	758	1,709	8,653	1,238	9,891
7,702	480	8,182	-20,305	-800	-21,105
8,653	1,238	9,891	Balance as at 31st March		
			-11,652	438	-11,214
Allocated to:					
4,275	0	4,275	-5,826		-5,826
3,472	128	3,600	-4,661	45	-4,616
906	932	1,838	-1,165	330	-835
0	178	178	0	63	63
8,653	1,238	9,891	-11,652	438	-11,214

NOTES TO THE COLLECTION FUND

1. General

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions in relation to Business Rates, Council Tax and any residual Community Charge. It illustrates how these have been distributed to preceptors or the General Fund. The Collection Fund is consolidated with other accounts of the council.

In 2013/2014, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give councils a greater incentive to grow businesses in the Borough. It does, however, also increase the financial risk due to non-collection and the volatility of the NNDR tax base.

The council is part of the Gloucestershire Business Rates Pool. The Business Rates scheme allows the council to retain a proportion of the total NNDR received subject to a levy. By being part of the Pool the council has the benefit of no levy on the growth above the business rates funding baseline, set by central government. Any gains from being part of the pool is put into the Gloucestershire Strategic Partnership Fund first, and then shared out amongst the various partners. In 2020/2021 the council received an additional £464K from being part of the pool.

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

2. Council Tax

2.1 Council Tax Property Valuations

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

The valuation banding and multipliers are as follows:

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

Notes to the Collection Fund (continued)

2.2 Council Tax Base

For 2020/2021 the tax base was 35,340.88 (34,585.03 in 2019/2020). This increase was mainly due to property growth in the borough.

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

The 2020/2021 base was calculated as follows:

Band	Number of Chargeable Dwellings	Multiplier	Band D Equivalents
Z	17.75	5/9	9.86
A	5468.25	6/9	3,645.50
B	5822.5	7/9	4,528.61
C	10640.75	8/9	9,458.44
D	5718.45	9/9	5,718.45
E	4999	11/9	6,109.89
F	3226.75	13/9	4,660.86
G	1849	15/9	3,081.67
H	184.75	18/9	369.50
Total Band D Equivalents			37,582.78
Growth Adjustment			-1,960.31
Collection Rate			98.00%
Chargeable Band D Equivalents			34,910.02
Armed Forces class 'O' contributions in lieu of Council Tax			430.86
Council Tax Base			35,340.88

2.3 Council Tax Level

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

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

	2019/2020 £'000	2020/2021 £'000
Gloucestershire County Council	44,743	47,545
Police Authority	8,663	9,091
Tewkesbury Borough Council	4,128	4,395
Total for Parishes	2,073	2,145
	59,607	63,176

The Council set an average council tax level for 2020/2021 at Band D of £1,765.13, including Parish precepts (1,723.48 in 2019/2020). This is broken down as follows:

Notes to the Collection Fund (continued)

	2019/2020	2020/2021
	£	£
Gloucestershire County Council	1,293.70	1,345.32
Police Authority	250.49	257.25
Tewkesbury Borough Council	119.36	124.36
	1,663.55	1,726.93

The Band D tax level for Parish budgets ranged from nil to £131.92

3. Income from Business Ratepayers

The Council collects Non-Domestic (Business) Rates for its area. These are based on local rateable values set by the District Valuer £93,027,160 at 31 March 2021 (£91,747,962 at 31 March 2020), multiplied by a uniform rate in the pound set by Central Government. The government provided a reduced rate for businesses with small rateable values of less than £51,000. For 2020/2021 this was set at 49.9p (2019/2020 49.1p), with the standard rate in the pound being 51.2p (2019/2020 50.4p) for the year.

4. Movements on Fund Balance

When setting the Council Tax and previously the Community Charge, the levels were based on estimated numbers of properties/chargepayers, discounts and losses on collection. At the year end this is matched against actual performance and may result in a surplus or deficit on the fund.

2020/2021	Council Tax £'000
Balance at 1 April 2020	1,238
Income	-63,252
Precepts & Expenses	63,262
Surplus Distributed	790
Balance at 31 March 2021	438
Committed Distribution	240
Balances for distribution	198

The surplus or deficit on the Council Tax is shared between Gloucestershire County Council, Gloucestershire Police Authority and Tewkesbury Borough Council in proportion to the level of their respective precepts in the preceding financial year. It is also only available to reduce or increase future Council Tax Levels set by each authority.

With regards to the Business Rates, any surplus or deficit is shared out in the relevant proportions mentioned in note 1.

Report on the Audit of the Financial Statements**Opinion**

We have audited the financial statements of Tewkesbury Borough Council (the 'Authority') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and notes to the financial statements, including Note 2, a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including

those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Head of Finance and Asset Management and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Head of Finance and Asset Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Head of Finance and Asset Management has not disclosed in the financial statements any identified material

uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Head of Finance and Asset Management's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and property investments

We draw attention to Note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings, property investments and the Authority's share of the pension fund's property investments as at 31 March 2020. As, disclosed in note 5 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in both the Authority's property valuer's report and the pension fund's property valuation reports. Our opinion is not modified in respect of this matter.

Other information

The Head of Finance and Asset Management is responsible for the other information. The other information comprises the information included in the Financial Statements, the Narrative Report, and the Annual Governance Statement and, our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, and the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or Grant Thornton UK LLP. 3
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Head of Finance and Asset Management and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 1, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Head of Finance and Asset Management. The Head of Finance and Asset Management is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Head of Finance and Asset Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Head of Finance and Asset Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of Tewkesbury Borough Council in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Accounting Policies

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

Accruals

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

Actuarial Gains and Losses

These comprise:

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

The effects of changes in actuarial assumptions.

Capital Receipts

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

Capital Expenditure

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

Cash Equivalents

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

Creditor

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

CIPFA

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

Contingent Asset

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

Contingent Liability

A contingent liability is either:

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

Control

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

Current Service Cost

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

Depreciation

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

Dominant Influence

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

Entity

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

External Audit

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

Fair Value

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

Financial Regulations

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

Financial Year

The financial year runs from 1st April to 31st March.

General Fund (GF)

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

Government Guidelines

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

Gross Expenditure

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

Housing Benefits

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

Housing Subsidy

Subsidies payable by Central Government to reduce housing costs.

Interest on Revenue Balances (or interest receipts)

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

Internal Audit

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

IFRS

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

Inventories

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

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

Liability

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

Material

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

Minority Interest

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

Minimum Revenue Provision

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

Non-Domestic Rates (NDR)

Local tax for businesses based on value of business properties.

Past Service Cost

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

Precept

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

Prior Period Adjustments

Prior period adjustments are required when an error is material.

Prospective Application

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

Provision

A liability of uncertain timing or amount.

P.W.L.B.

Public Works Loan Board

Recoverable Amount

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

Reserve

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

Retrospective Application

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

Revenue Support Grant (RSG)

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

Revenue Expenditure

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

Shared Services

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

Significant Influence

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

Specific Grants

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

Useful Life

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

Value in Use

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

Vested Employee Benefits

Employee benefits that are not conditional on future employment.

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	15 September 2021
Subject:	Management Assurance Statement 2020/21
Report of:	Head of Corporate Services
Corporate Lead:	Borough Solicitor
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	6

Executive Summary:

As part of the Council's response to the impact of COVID-19, the Internal Audit team was re-deployed to the business cell for the whole of 2020/21. This was to support the administration of business grants. As reported to the Audit and Governance Committee on 21 July 2021, due to all internal audit work being suspended for the year, no independent assurance could be given to the Committee on the adequacy of the Council's internal control environment. To mitigate this, it was agreed that a management assurance statement be presented. This would also provide assurance that, despite resources generally being directed to the Council's COVID-19 response, this did not detrimentally affect the internal control environment.

Recommendation:

To CONSIDER the management assurance statements provided by each service area and the conclusion that, overall, for 2020/21 the management of the Council's internal control environment was satisfactory.

Reasons for Recommendation:

The presentation of a management assurance statement was formally added to the Committee's work programme during the year.

Resource Implications:

None arising directly from the report.

Legal Implications:

None arising directly from the report.

Risk Management Implications:

If the Council's internal control environment is not managed effectively then this can increase the risk of a financial, reputational and legislative nature.

Performance Management Follow-up:

The benefits of an annual management assurance statement will be considered by the Corporate Governance Group.

Implications for Biodiversity:

None

1.0 INTRODUCTION

1.1 As part of the Council's response to the impact of COVID-19, the Internal Audit team was re-deployed to the business cell for the whole of 2020/21. This was to support the administration of business grants. As reported to the Audit and Governance Committee on 21 July 2021, due to all internal audit work being suspended for the year, no independent assurance could be given to the Committee on the adequacy of the Council's internal control environment. To mitigate this, it was agreed that a management assurance statement be presented. This would also provide assurance that, despite resources generally being directed to the Council's COVID-19 response, this did not detrimentally affect the internal control environment. Attached at Appendices 1-6 are assurance statements for each service area.

2.0 SERVICE ASSURANCE STATEMENTS

2.1 The Corporate Governance Group concluded the best way to capture this information was through an individual statement completed by each Head of Service. The statement template was designed to capture the key elements of the Council's governance and internal control framework. The statements do not offer full assurance that everything was effective for 100% of the time but more that, generally, management arrangements have been satisfactory over the year. It is also recognised that the statements have not been independently assessed. The Corporate Governance Group has undertaken a review and concluded that they appear to fairly reflect the position.

3.0 OVERALL CONCLUSION

3.1 Whilst some of the questions may have been responded to with a 'partial' response, this should not be unexpected. The Council has a complex array of systems, processes and procedures and as acknowledged within the Annual Governance Statement (AGS) it would be unrealistic that these operate 100% effectively, 100% of the time. From the responses received, the overall conclusion is that, despite resources being deployed to the Council's COVID-19 response, a satisfactory system of internal control has been maintained. For the exceptions, such as the review of Licensing and the recovery of the internal audit function, these have been included as significant governance issues within the AGS.

4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 Corporate Governance Group and Corporate Management Team.

- 6.0 RELEVANT COUNCIL POLICIES/STRATEGIES**
- 6.1 Annual Governance Statement
- 7.0 RELEVANT GOVERNMENT POLICIES**
- 7.1 None.
- 8.0 RESOURCE IMPLICATIONS (Human/Property)**
- 8.1 None arising directly from this report.
- 9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)**
- 9.1 None.
- 10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)**
- 10.1 None.
- 11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS**
- 11.1 None.

Background Papers: None

Contact Officer: Head of Corporate Services
01684 272002 graeme.simpson@teWKesbury.gov.uk

Appendices: Appendix 1 – Community Services Management Assurance Statement
Appendix 2 – Corporate Services Management Assurance Statement
Appendix 3 – Democratic Services Management Assurance Statement
Appendix 4 – Development Services Management Assurance Statement
Appendix 5 – Finance and Asset Management Management Assurance Statement
Appendix 6 – One Legal Management Assurance Statement

Service Assurance Statement 2020/21 – Community Services

Overall Assessment

During the course of the Covid-19 pandemic, this has placed a significant challenge on council services not only to respond to the impact of the pandemic but to maintain core service delivery. Whilst responding to this challenge, it is important an adequate system of internal control is exercised including arrangements for the management of risk and ensuring key governance frameworks continue to operate effectively.

It is recognised that the system of internal control can only manage, not eliminate, risk and that it cannot guarantee that any system or process is free from defect and does not prevent or detect irregularities. This service assurance statement is therefore prepared to the best of my knowledge.

Based upon the undertakings of my services during the year my assessment on the adequacy of the internal control environment has been informed by:

- The performance management arrangements for my services;
- The risk management processes in place within my services;
- Other corporate management, monitoring and review processes; and
- Review work undertaken by any third party, for example, external audit, review agencies or other assurance providers.

I confirm that within my areas of responsibility I am not aware of any of the following:

- Any irregularities in accounting practices or systems of internal control.
- The override or non-compliance of any key internal controls in place.
- Any communications from regulatory agencies concerning non-compliance with, or deficiencies in, reporting practices.
- Any non-compliance issues regarding the application of rules and regulations such as the Council's financial procedure rules or contract procedure rules.
- Any plans or intentions that may affect the valuation or classification of Council property or equipment and liabilities e.g. change in use or significant damage to an asset.
- Any large debts, fines, claims or other potential financial obligations.
- Any pending or threatened litigation relating to any of my service activities.

	Head of Service
Job Title	Head of Community Services
Date	10/08/2021

2020/21 Service Assurance Statement		Responses			
		Yes	No	Partial	Provide comment, particularly on any responses of 'partial' or 'no'. Please feel free to add a comment on 'yes' responses to support the response.
1.Risk Management					
1.1	Whilst there is not a requirement to maintain an operational risk register I am satisfied there are arrangements in place to identify and mitigate risks where appropriate, for example in relation to any key projects.	X			Risks are identified through programme board and through regular project planning meetings and the relevant mitigations are put in place. Where risks are high and can't easily be managed these are flagged up to management team at the earliest opportunity.
1.2 124	Any significant risks identified have been escalated to corporate management team and if necessary included within the corporate risk register.	X			Key corporate risks such as those that can have a significant financial impacts are raised and discussed at corporate management team and where the risk cannot wait until the next CMT then they are flagged early and discussed with the relevant CMT colleagues at the earliest possible opportunity.
2. Internal Control					
2.1	I am satisfied my service areas are kept up to date with updates and changes to relevant Council policies and procedures.	X			Legislation has been changing swiftly at times throughout the C19 pandemic and whilst it has been a struggle to keep up at times this has been managed well and relevant council policies and procedures have been changed to adapt to these changes in legislation.
2.2	I am satisfied my services routinely monitor compliance with prescribed processes (Council policy, agreed procedures, statutory returns etc.)	X			Council policies and procedures are regularly consulted and complied with. All statutory returns have been submitted within the relevant timescales.
2.3	I am satisfied my services fully understand and comply with all legislation that is relevant to our operations.			X	As with council policies all legislation is regularly reviewed and practices adapted to ensure compliance. There are some areas where compliance could be improved for example certain aspects of licensing and private sector housing (more detail on this is included in S.7 below) and these are currently being worked on.

2.4	Communication and reporting channels exist to allow timely reporting of operational issues to the relevant body e.g. corporate management team. Including appropriate escalation of incidents.	X			Key corporate messages are disseminated via regular management team briefings, staff briefings and one to ones with operational managers.
2.5	I am satisfied there has been no circumvention of any key internal controls during the year or the complete removal of any key controls.	X			To the best of my knowledge all controls have been adhered to e.g. procurement of services etc.
3. Key Governance Framework					
3.1	I am satisfied my services fully understand and comply with their health and safety responsibilities.	X			All of the staff within my service area are fully conversant and comply with their health & safety requirements. As a regulator of this legislation we have to be seen to be leading the way with this.
3.2	I am satisfied my team comply with information management and security requirements, in particular, awareness and compliance to General Data Protection Regulation (GDPR).			X	There have been a few incidents of breaches of GDPR particularly in the early part of the C19 pandemic when working remotely was new. However these are always reported to the responsible officer and lessons learned have been shared across the team and the council as a whole.
3.25	I am satisfied my services team are aware of and fulfil our responsibilities in respect of safeguarding children, young people and vulnerable adults.	X			As the lead officer for safeguarding in the council this is a priority for me and my team. I am satisfied that all staff understand their responsibilities in this area and all staff are encouraged to ask if they are unsure.
3.4	Any cases of fraud or whistleblowing allegations have been reported in accordance with relevant policies and remedial action taken where necessary.	X			To the best of my knowledge this is the case. Nothing has been reported to me personally.
3.5	I am satisfied that any key projects are delivered in accordance with the council's project management framework.			X	Some projects particularly those that involve our external partners are not subject to as much scrutiny as they should be. This is improving and all current projects are going through or due to go through programme board. Some projects are also monitored through various member working groups and or O&S committee.
3.6	I am satisfied that all my service areas have awareness to and where necessary make declarations in respect of policies such as Code of Conduct, Gifts and Hospitality, other employment etc.	X			Generally staff are encouraged to turn down gifts and hospitality where possible, where this cannot be done e.g, a member of the public sending flowers to a member of staff these have been declared in line with the policy.

4. Financial System and Controls					
4.1	I am satisfied there is adequate budgetary and financial controls in place across my service areas particularly around the monitoring of budgets and taking appropriate action when required.	X			Budget monitoring is regularly carried out with my service areas and the appropriate corrective action taken where necessary. Any non-routine concerns and flagged with the S.151 officer in a timely manner.
4.2	In relation to the above all expenditure is legitimate and checked before authorisation – this includes expenditure types such as corporate procurement cards, travel and overtime/additional hours claims etc.	X			Approval processes are in place and adhered to.
4.3	I am not aware of any instances where the council's financial procedure rules or contract procedure rules have not been complied to.	X			I am not aware of any financial or procurement rules not being adhered to.
126	4.4 All recruitment has been undertaken in accordance with the council's recruitment procedures.			X	All recruitment is authorised by the corporate management team. I am aware of one case in my service area this year where this authorization was sought retrospectively however this was due to the pressure of needing the member of staff quickly and the relevant operational manager not being fully familiar with our procedures. This situation has been rectified and I am content that procedures will be complied with in future.
4.5	Any grant schemes set up or grants received have been approved in accordance with the council's financial procedure rules.			X	Community Disabled Facility Grants needs a new process to ensure that these are paid within the councils financial procedure rules and this has now been designed and as all of the Councils in the county have similar issues is being discussed at a county wide DFG forum meeting. All other grants are compliant with financial procedural rules.
5. Control over Assets					
5.1	I am satisfied my services are aware and compliant with procedures that ensure the protection of assets from loss, damage and misuse.	X			To the best of my knowledge my team are complaint with this requirement.
5.2	I am satisfied my services review and report instances of loss, damage and misuse of assets and take appropriate management action where necessary.	X			To the best of my knowledge my team are complaint with this requirement.
5.3	I am satisfied that any disposal of assets have been approved in accordance with the council's financial procedure rules.	X			I am unaware of my service area disposing of any assets.

6. Partnerships

6.1	I am satisfied that any key partnerships which my services are part of have the necessary governance arrangements in place to ensure the effectiveness of that partnership.			X	Most key partnerships e.g. Gloucestershire Health and Wellbeing Board, Gloucestershire Health Protection Board, Depot Working Group, Strategic Housing Partnership are mature and have good governance. Improvements are in the process of being made to the community safety partnership.
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7. Any other issues to note (please give details)

7.1	Licensing – The licensing team has suffered with high levels of sickness over the pandemic period and there remains one member of staff still on long term sickness absence. The Environmental Health Manager started to carry out a service review, however it became clear that with the C19 work, some of which is still ongoing, they would not have the capacity to undertake this review. The service is historically paper based, inefficient and urgently needed additional resource to maintain a level of service and carry out the service review. Some resource has been brought in funded by the GCC Covid Outbreak Management Fund and the council are funding an officer to carry out a service review and deliver on the findings of the review. In addition our responsibilities on animal licensing and the new legislation have not been met and this needs action urgently.			X	
127					
7.2	Private Sector Housing – The council has always had limited resource to proactively deliver on work such as HMO licensing and inspections and Static Caravan site inspections. Some additional resource has been brought in funded from reserves and we are making headway in this area. These elements of the service currently sit within licensing as they are predominantly administrative functions. These will also be picked up by the licensing review.			X	

Service Assurance Statement 2020/21 – Corporate Services

Overall Assessment

During the course of the Covid-19 pandemic, this has placed a significant challenge on council services not only to respond to the impact of the pandemic but to maintain core service delivery. Whilst responding to this challenge, it is important an adequate system of internal control is exercised including arrangements for the management of risk and ensuring key governance frameworks continue to operate effectively.

It is recognised that the system of internal control can only manage, not eliminate, risk and that it cannot guarantee that any system or process is free from defect and does not prevent or detect irregularities. This service assurance statement is therefore prepared to the best of my knowledge.

Based upon the undertakings of my services during the year my assessment on the adequacy of the internal control environment has been informed by:

- The performance management arrangements for my services;
- The risk management processes in place within my services;
- Other corporate management, monitoring and review processes; and
- Review work undertaken by any third party, for example, external audit, review agencies or other assurance providers.

I confirm that within my areas of responsibility I am not aware of any of the following:

- Any irregularities in accounting practices or systems of internal control.
- The override or non-compliance of any key internal controls in place.
- Any communications from regulatory agencies concerning non-compliance with, or deficiencies in, reporting practices.
- Any non-compliance issues regarding the application of rules and regulations such as the Council's financial procedure rules or contract procedure rules.
- Any plans or intentions that may affect the valuation or classification of Council property or equipment and liabilities e.g. change in use or significant damage to an asset.
- Any large debts, fines, claims or other potential financial obligations.
- Any pending or threatened litigation relating to any of my service activities.

	Head of Service
Job Title	Head of Corporate Services
Date	9 August 2021

2020/21 Service Assurance Statement		Responses			
		Yes	No	Partial	Provide comment, particularly on any responses of 'partial' or 'no'. Please feel free to add a comment on 'yes' responses to support the response.
1.Risk Management					
1.1	Whilst there is not a requirement to maintain an operational risk register I am satisfied there are arrangements in place to identify and mitigate risks where appropriate, for example in relation to any key projects.	x			All corporate led projects, particularly around our transformation programme, consider and evaluate risk. Regular meetings also take place with my operational managers to discuss work activities and flag any horizon issues.
1.2	Any significant risks identified have been escalated to corporate management team and if necessary included within the corporate risk register.	x			Key corporate risks such as cyber security, GDPR compliance are included in the corporate risk register. This register is reviewed regularly by management team.
2. Internal Control					
2.1	I am satisfied my service areas are kept up to date with updates and changes to relevant Council policies and procedures.	x			All services are also part of respective professional networks to keep abreast of external factors.
2.2	I am satisfied my services routinely monitor compliance with prescribed processes (Council policy, agreed procedures, statutory returns etc.)			x	This is part of business as usual practice. Despite the response to Covid any relevant statutory return have continued to be submitted. A number of HR policies have had to be developed or refined during the year to provide organisational support to our response. Internal audit have been unable to provide independent assurance during the year as a result of the team's redeployment.
2.3	I am satisfied my services fully understand and comply with all legislation that is relevant to our operations.	x			There is varied legislation across the service areas e.g. GDPR, complex council tax and business rates legislation, HR employment law, ICT security etc. I have not been made aware of any non-compliance issues. The bulk of the legislation is embedded and not new.
2.4	Communication and reporting channels exist to allow timely reporting of operational issues to the relevant body e.g. corporate management team. Including appropriate escalation of incidents.	x			I disseminate on a regular basis all pertinent information to operational managers and provide key corporate messages at all team meetings.
2.5	I am satisfied there has been no circumvention of any key internal controls during the year or the complete removal of any			x	In the early part of our response to the pandemic, not all my officers could approve orders and purchases. This required a member of the finance team to authorise on their behalf– an email trail exists to

	key controls.				support these requests.
3. Key Governance Framework					
3.1	I am satisfied my services fully understand and comply with their health and safety responsibilities.			x	All my services are represented on the internal 'keep healthy, stay safe' working group. Health and safety forms part of the annual PPD process and the council requires all staff to undertake a workstation assessment. A corporate overview of those assessments needs to be undertaken to ensure any staff concerns over their home set up are resolved. Health and safety is also a standing agenda item at team meetings.
3.2	I am satisfied my team comply with information management and security requirements, in particular, awareness and compliance to General Data Protection Regulation (GDPR).			x	GDPR compliance and awareness is led by the corporate team. A new consolidated corporate action plan has been developed and is being actioned. A key action within the plan is to gain assurance that retention schedules are actually being deployed in practice. Teams within my service remit have good awareness around reporting data breaches as evidenced by those reported during the year.
3.3	I am satisfied my services team are aware of and fulfil our responsibilities in respect of safeguarding children, young people and vulnerable adults.	x			The HR & OD Manager is the council's Deputy Safeguarding Officer. In terms of general safeguarding, this mainly relates to my forward facing services i.e. Revenues & Benefits and Customer Services. Both have good awareness of safeguarding arrangements and have made referrals when they feel necessary.
3.4	Any cases of fraud or whistleblowing allegations have been reported in accordance with relevant policies and remedial action taken where necessary.	x			No cases reported.
3.5	I am satisfied that any key projects are delivered in accordance with the council's project management framework.	x			All key corporate related projects follow the council's project management framework methodology and are monitored by the internal project programme board.
3.6	I am satisfied that all my service areas have awareness to and where necessary make declarations in respect of policies such as Code of Conduct, Gifts and Hospitality, other employment etc.	x			Declarations have been made during the course of the year.
4. Financial System and Controls					
4.1	I am satisfied there is adequate budgetary and financial controls in place across my service areas particularly around the monitoring of budgets and taking appropriate action when required.	x			Despite Covid, quarterly budget meetings have taken place for all service areas with the relevant finance lead officer. Monthly budget reports continue to be generated from the system to support this. Any variances have been justified during the year and reported to Executive Committee within the main financial outturn report.
4.2	In relation to the above all expenditure is legitimate and checked before authorisation – this includes expenditure types such as corporate procurement cards, travel and	x			Approval processes have remained in place during the year. Could be improved through formal electronic signature software.

	overtime/additional hours claims etc.				
4.3	I am not aware of any instances where the council's financial procedure rules or contract procedure rules have not been complied to.	x			None declared.
4.4	All recruitment has been undertaken in accordance with the council's recruitment procedures.	x			Additional posts have been required to support the response to the pandemic, particularly to backfill those staff from Revenues and Benefits re-deployed to the business cell, additional support to the ICT team, communications etc. These have been financed through a combination of reserves, covid recovery fund or new burdens funding. All have then be subject to approval from corporate management team.
4.5	Any grant schemes set up or grants received have been approved in accordance with the council's financial procedure rules.	x			Apart from the Covid-related business grant schemes (covered by the Head of Finance and Asset Management assurance statement) I am not aware of any new grant awards or income in my service areas.
5. Control over Assets					
5.1	I am satisfied my services are aware and compliant with procedures that ensure the protection of assets from loss, damage and misuse.	x			Main service area this impacts upon is ICT. All laptops are asset tagged and supported with an asset inventory.
5.2	I am satisfied my services review and report instances of loss, damage and misuse of assets and take appropriate management action where necessary.	x			See above – there have been a couple of instances where getting laptops back from contractors has proven problematic though.
5.3	I am satisfied that any disposal of assets have been approved in accordance with the council's financial procedure rules.	x			Redundant laptops were disposed of to a local charity. Approved by corporate leadership team.
6. Partnerships					
6.1	I am satisfied that any key partnerships which my services are part of have the necessary governance arrangements in place to ensure the effectiveness of that partnership.	x			Key partnerships such as DWP and the Gloucestershire Counter Fraud Unit are well established.
7. Any other issues to note (please give details)					
7.1	As reported during the year to Audit and Governance Committee, the internal audit team has been re-deployed to support the business cell for the whole of 2020/21. The recovery of the internal audit team has been identified as a significant governance issue within the AGS.		x		

Service Assurance Statement 2020/21 – Democratic Services

Overall Assessment

During the course of the Covid-19 pandemic, this has placed a significant challenge on council services not only to respond to the impact of the pandemic but to maintain core service delivery. Whilst responding to this challenge, it is important an adequate system of internal control is exercised including arrangements for the management of risk and ensuring key governance frameworks continue to operate effectively.

It is recognised that the system of internal control can only manage, not eliminate, risk and that it cannot guarantee that any system or process is free from defect and does not prevent or detect irregularities. This service assurance statement is therefore prepared to the best of my knowledge.

Based upon the undertakings of my services during the year my assessment on the adequacy of the internal control environment has been informed by:

- The performance management arrangements for my services;
- The risk management processes in place within my services;
- Other corporate management, monitoring and review processes; and
- Review work undertaken by any third party, for example, external audit, review agencies or other assurance providers.

I confirm that within my areas of responsibility I am not aware of any of the following:

- Any irregularities in accounting practices or systems of internal control.
- The override or non-compliance of any key internal controls in place.
- Any communications from regulatory agencies concerning non-compliance with, or deficiencies in, reporting practices.
- Any non-compliance issues regarding the application of rules and regulations such as the Council's financial procedure rules or contract procedure rules.
- Any plans or intentions that may affect the valuation or classification of Council property or equipment and liabilities e.g. change in use or significant damage to an asset.
- Any large debts, fines, claims or other potential financial obligations.
- Any pending or threatened litigation relating to any of my service activities.

	Head of Service
Job Title	Head of Democratic Services
Date	24.8.2021

2020/21 Service Assurance Statement		Responses			
		Yes	No	Partial	Provide comment, particularly on any responses of 'partial' or 'no'. Please feel free to add a comment on 'yes' responses to support the response.
1.Risk Management					
1.1	Whilst there is not a requirement to maintain an operational risk register I am satisfied there are arrangements in place to identify and mitigate risks where appropriate, for example in relation to any key projects.	X			A detailed risk register was prepared at the beginning of the year for the elections taking place in May 2021.
1.2	Any significant risks identified have been escalated to corporate management team and if necessary included within the corporate risk register.	X			
2. Internal Control					
2.1	I am satisfied my service areas are kept up to date with updates and changes to relevant Council policies and procedures.	X			Regular team meetings held to disseminate information.
2.2	I am satisfied my services routinely monitor compliance with prescribed processes (Council policy, agreed procedures, statutory returns etc.)	X			
2.3	I am satisfied my services fully understand and comply with all legislation that is relevant to our operations.	X			Membership of County Groups and national organisations such as ADSO (Association of Democratic Services Officers) and AEA (Association of Electoral Administrators) ensure section is up to date on legislation and best practice.
2.4	Communication and reporting channels exist to allow timely reporting of operational issues to the relevant body e.g. corporate management team. Including appropriate escalation of incidents.	X			Regular team meetings.
2.5	I am satisfied there has been no circumvention of any key internal controls during the year or the complete removal of any key controls.	X			
3. Key Governance Framework					

3.1	I am satisfied my services fully understand and comply with their health and safety responsibilities.	X			Risk Assessments up to date and regularly reviewed. All polling stations, processes and procedures for the elections in May were subject to separate assessments.
3.2	I am satisfied my team comply with information management and security requirements, in particular, awareness and compliance to General Data Protection Regulation (GDPR).	X			In view of the information held on the electoral register, Data Protection awareness is high on the agenda.
3.3	I am satisfied my services team are aware of and fulfil our responsibilities in respect of safeguarding children, young people and vulnerable adults.	X			
3.4	Any cases of fraud or whistleblowing allegations have been reported in accordance with relevant policies and remedial action taken where necessary.	X			
3.5	I am satisfied that any key projects are delivered in accordance with the council's project management framework.	X			
3.6	I am satisfied that all my service areas have awareness to and where necessary make declarations in respect of policies such as Code of Conduct, Gifts and Hospitality, other employment etc.	X			

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Financial System and Controls

4.1	I am satisfied there is adequate budgetary and financial controls in place across my service areas particularly around the monitoring of budgets and taking appropriate action when required.	X			Separate budgets and accounts prepared for elections which are subject to Government scrutiny.
4.2	In relation to the above all expenditure is legitimate and checked before authorisation – this includes expenditure types such as corporate procurement cards, travel and overtime/additional hours claims etc.	X			
4.3	I am not aware of any instances where the council's financial procedure rules or contract procedure rules have not been complied to.	X			Large items of expenditure for elections such as printing and additional COVID-19 measures are procured on a countywide basis.
4.4	All recruitment has been undertaken in accordance with the council's recruitment procedures.	X			
4.5	Any grant schemes set up or grants received have been approved in accordance with the council's financial procedure rules.	X			

5. Control over Assets

5.1	I am satisfied my services are aware and compliant with procedures that ensure the protection of assets from loss, damage and misuse.	X			
5.2	I am satisfied my services review and report instances of loss, damage and misuse of assets and take appropriate management action where necessary.	X			
5.3	I am satisfied that any disposal of assets have been approved in accordance with the council's financial procedure rules.	X			
6. Partnerships					
6.1	I am satisfied that any key partnerships which my services are part of have the necessary governance arrangements in place to ensure the effectiveness of that partnership.	X			
7. Any other issues to note <i>(please give details)</i>					
135					None

Service Assurance Statement 2020/21 – Development Services

Overall Assessment

During the course of the Covid-19 pandemic, this has placed a significant challenge on council services not only to respond to the impact of the pandemic but to maintain core service delivery. Whilst responding to this challenge, it is important an adequate system of internal control is exercised including arrangements for the management of risk and ensuring key governance frameworks continue to operate effectively.

It is recognised that the system of internal control can only manage, not eliminate, risk and that it cannot guarantee that any system or process is free from defect and does not prevent or detect irregularities. This service assurance statement is therefore prepared to the best of my knowledge.

Based upon the undertakings of my services during the year my assessment on the adequacy of the internal control environment has been informed by:

- The performance management arrangements for my services;
- The risk management processes in place within my services;
- Other corporate management, monitoring and review processes; and
- Review work undertaken by any third party, for example, external audit, review agencies or other assurance providers.

I confirm that within my areas of responsibility I am not aware of any of the following:

- Any irregularities in accounting practices or systems of internal control.
- The override or non-compliance of any key internal controls in place.
- Any communications from regulatory agencies concerning non-compliance with, or deficiencies in, reporting practices.
- Any non-compliance issues regarding the application of rules and regulations such as the Council's financial procedure rules or contract procedure rules.
- Any plans or intentions that may affect the valuation or classification of Council property or equipment and liabilities e.g. change in use or significant damage to an asset.
- Any large debts, fines, claims or other potential financial obligations.
- Any pending or threatened litigation relating to any of my service activities.

	Head of Service
Job Title	Head of Development Services
Date	19 th August 2021

2020/21 Service Assurance Statement		Responses			
		Yes	No	Partial	Provide comment, particularly on any responses of 'partial' or 'no'. Please feel free to add a comment on 'yes' responses to support the response.
1.Risk Management					
1.1	Whilst there is not a requirement to maintain an operational risk register I am satisfied there are arrangements in place to identify and mitigate risks where appropriate, for example in relation to any key projects.	X			The Head of Development Services and operational service managers within Development Services meet once a month where key projects and issues any potential risks are discussed.
1.2	Any significant risks identified have been escalated to corporate management team and if necessary included within the corporate risk register.	X			
2. Internal Control					
137	I am satisfied my service areas are kept up to date with updates and changes to relevant Council policies and procedures.	X			Regular meetings held with operational managers to disseminate relevant information.
2.2	I am satisfied my services routinely monitor compliance with prescribed processes (Council policy, agreed procedures, statutory returns etc.)	X			Due to a number of external funding arrangements in place led by Development Services there is a requirement to meet funders monitoring requirements, these are adhered.
2.3	I am satisfied my services fully understand and comply with all legislation that is relevant to our operations.	X			Monthly meetings held with operational managers, key service updates included which will pick up any new legislation affecting respective service areas.
2.4	Communication and reporting channels exist to allow timely reporting of operational issues to the relevant body e.g. corporate management team. Including appropriate escalation of incidents.	X			Fortnightly Development Services TEAMS meetings held where updates from Management team are disseminated and also provide the opportunity to raise any issues or concerns.
2.5	I am satisfied there has been no circumvention of any key internal controls during the year or the complete removal of any key controls.	X			
3. Key Governance Framework					

3.1	I am satisfied my services fully understand and comply with their health and safety responsibilities.			X	As a result of having to work from home it has been necessary for individuals to complete a working from home risk assessment. Some issues have been raised as part of the Council's staff survey relating to work stations at home, however it is understood that all of these issues have now been resolved.
3.2	I am satisfied my team comply with information management and security requirements, in particular, awareness and compliance to General Data Protection Regulation (GDPR).			X	All new members of staff are advised of the requirements relating to the GDPR.
3.3	I am satisfied my services team are aware of and fulfil our responsibilities in respect of safeguarding children, young people and vulnerable adults.	X			
3.4	Any cases of fraud or whistleblowing allegations have been reported in accordance with relevant policies and remedial action taken where necessary.				None reported
3.5	I am satisfied that any key projects are delivered in accordance with the council's project management framework.			X	A number of new projects have commenced which are being reported to the Council's programme board, for example the Heritage Action Zone and the Digitalisation of the Local Land Charges. The Grangefield is now going to be reported to programme board.
3.6	I am satisfied that all my service areas have awareness to and where necessary make declarations in respect of policies such as Code of Conduct, Gifts and Hospitality, other employment etc.	X			A couple of secondary employment requests have been made and approved.
4. Financial System and Controls					
4.1	I am satisfied there is adequate budgetary and financial controls in place across my service areas particularly around the monitoring of budgets and taking appropriate action when required.	X			Regular meetings are held with the operational managers and representatives of the finance team to review and monitor service budgets.
4.2	In relation to the above all expenditure is legitimate and checked before authorisation – this includes expenditure types such as corporate procurement cards, travel and overtime/additional hours claims etc.	X			
4.3	I am not aware of any instances where the council's financial procedure rules or contract procedure rules have not been complied to.	X			Nothing has been raised with the Head of Development Services relating to this.

4.4	All recruitment has been undertaken in accordance with the council's recruitment procedures.	X			The HR team are fully engaged in any recruitment of permanent members of staff.
4.5	Any grant schemes set up or grants received have been approved in accordance with the council's financial procedure rules.	X			Re-opening of the High Street fund and Welcome Back Fund reported to Executive committee.
5. Control over Assets					
5.1	I am satisfied my services are aware and compliant with procedures that ensure the protection of assets from loss, damage and misuse.	X			
5.2	I am satisfied my services review and report instances of loss, damage and misuse of assets and take appropriate management action where necessary.			X	There was an issue with getting back a laptop from one of the contractors we employed, however this has been resolved.
5.3	I am satisfied that any disposal of assets have been approved in accordance with the council's financial procedure rules.	X			Aware that some of our Redundant laptops were disposed of to a local charity. Approved by corporate leadership team.
6. Partnerships					
6.3	I am satisfied that any key partnerships which my services are part of have the necessary governance arrangements in place to ensure the effectiveness of that partnership.			X	The Joint Core Strategy involves partnership with both Cheltenham BC and Gloucester City. A governance structure is agreed and is operational for the review of the JCS. An informal governance arrangement is in place for the Community Infrastructure Levy.
7. Any other issues to note <i>(please give details)</i>					

Service Assurance Statement 2020/21 – Finance and Asset Management

Overall Assessment

During the course of the Covid-19 pandemic, this has placed a significant challenge on council services not only to respond to the impact of the pandemic but to maintain core service delivery. Whilst responding to this challenge, it is important an adequate system of internal control is exercised including arrangements for the management of risk and ensuring key governance frameworks continue to operate effectively.

It is recognised that the system of internal control can only manage, not eliminate, risk and that it cannot guarantee that any system or process is free from defect and does not prevent or detect irregularities. This service assurance statement is therefore prepared to the best of my knowledge.

Based upon the undertakings of my services during the year my assessment on the adequacy of the internal control environment has been informed by:

- The performance management arrangements for my services;
- The risk management processes in place within my services;
- Other corporate management, monitoring and review processes; and
- Review work undertaken by any third party, for example, external audit, review agencies or other assurance providers.

I confirm that within my areas of responsibility I am not aware of any of the following:

- Any irregularities in accounting practices or systems of internal control.
- The override or non-compliance of any key internal controls in place.
- Any communications from regulatory agencies concerning non-compliance with, or deficiencies in, reporting practices.
- Any non-compliance issues regarding the application of rules and regulations such as the Council's financial procedure rules or contract procedure rules.
- Any plans or intentions that may affect the valuation or classification of Council property or equipment and liabilities e.g. change in use or significant damage to an asset.
- Any large debts, fines, claims or other potential financial obligations.
- Any pending or threatened litigation relating to any of my service activities.

	Head of Service
Job Title	Head of Finance & Asset Management
Date	10 th August 2021

2020/21 Service Assurance Statement		Responses			
		Yes	No	Partial	Provide comment, particularly on any responses of 'partial' or 'no'. Please feel free to add a comment on 'yes' responses to support the response.
1.Risk Management					
1.1	Whilst there is not a requirement to maintain an operational risk register I am satisfied there are arrangements in place to identify and mitigate risks where appropriate, for example in relation to any key projects.	x			All significant projects subject to detailed risk management processes – see heat replacement project for latest example.
1.2	Any significant risks identified have been escalated to corporate management team and if necessary included within the corporate risk register.	x			Funding for the carbon reduction action plan has been included in the corporate risk register
2. Internal Control					
2.1	I am satisfied my service areas are kept up to date with updates and changes to relevant Council policies and procedures.	x			Weekly team meetings held to disseminate information
2.2	I am satisfied my services routinely monitor compliance with prescribed processes (Council policy, agreed procedures, statutory returns etc.)	x			Increased returns in 20/21, particularly covid financial reporting and business grants returns
2.3	I am satisfied my services fully understand and comply with all legislation that is relevant to our operations.	x			Both financial and building management legislation
2.4	Communication and reporting channels exist to allow timely reporting of operational issues to the relevant body e.g. corporate management team. Including appropriate escalation of incidents.	x			Improved reporting following management restructure
2.5	I am satisfied there has been no circumvention of any key internal controls during the year or the complete removal of any key controls.	x			
3. Key Governance Framework					
3.1	I am satisfied my services fully understand and comply with their health and safety responsibilities.	x			43 health & safety risk assessments completed by Asset Management. Both operational managers attend Keep Safe; Stay Healthy

3.2	I am satisfied my team comply with information management and security requirements, in particular, awareness and compliance to General Data Protection Regulation (GDPR).	x			
3.3	I am satisfied my services team are aware of and fulfil our responsibilities in respect of safeguarding children, young people and vulnerable adults.	x			
3.4	Any cases of fraud or whistleblowing allegations have been reported in accordance with relevant policies and remedial action taken where necessary.	x			Work of business cell to pinpoint potentially fraudulent cases and pass to Counter Fraud Unit
3.5	I am satisfied that any key projects are delivered in accordance with the council's project management framework.	x			All projects that meet definition are reported to the councils project management board
3.6	I am satisfied that all my service areas have awareness to and where necessary make declarations in respect of policies such as Code of Conduct, Gifts and Hospitality, other employment etc.	x			
4. Financial System and Controls					
4.1 142	I am satisfied there is adequate budgetary and financial controls in place across my service areas particularly around the monitoring of budgets and taking appropriate action when required.	x			This includes the overall council budget monitoring and reporting
4.2	In relation to the above all expenditure is legitimate and checked before authorisation – this includes expenditure types such as corporate procurement cards, travel and overtime/additional hours claims etc.	x			
4.3	I am not aware of any instances where the council's financial procedure rules or contract procedure rules have not been complied to.	x			
4.4	All recruitment has been undertaken in accordance with the council's recruitment procedures.	x			
4.5	Any grant schemes set up or grants received have been approved in accordance with the council's financial procedure rules.	x			Urgency powers utilized to approve business grant schemes and test and trace discretionary scheme
5. Control over Assets					
5.1	I am satisfied my services are aware and compliant with procedures that ensure the protection of assets from loss, damage and misuse.	x			

5.2	I am satisfied my services review and report instances of loss, damage and misuse of assets and take appropriate management action where necessary.	x			
5.3	I am satisfied that any disposal of assets have been approved in accordance with the council's financial procedure rules.	x			
6. Partnerships					
6.1	I am satisfied that any key partnerships which my services are part of have the necessary governance arrangements in place to ensure the effectiveness of that partnership.	x			
7. Any other issues to note (please give details)					
7.1	Review of CIPFA financial management code of practice did not take place in 20/21 as a result of officer redeployment. This action has been carried over to the new year and highlighted in significant governance weaknesses.				

Service Assurance Statement 2020/21 – One Legal

Overall Assessment

During the course of the Covid-19 pandemic, this has placed a significant challenge on council services not only to respond to the impact of the pandemic but to maintain core service delivery. Whilst responding to this challenge, it is important an adequate system of internal control is exercised including arrangements for the management of risk and ensuring key governance frameworks continue to operate effectively.

It is recognised that the system of internal control can only manage, not eliminate, risk and that it cannot guarantee that any system or process is free from defect and does not prevent or detect irregularities. This service assurance statement is therefore prepared to the best of my knowledge.

Based upon the undertakings of my services during the year my assessment on the adequacy of the internal control environment has been informed by:

- The performance management arrangements for my services;
- The risk management processes in place within my services;
- Other corporate management, monitoring and review processes; and
- Review work undertaken by any third party, for example, external audit, review agencies or other assurance providers.

I confirm that within my areas of responsibility I am not aware of any of the following:

- Any irregularities in accounting practices or systems of internal control.
- The override or non-compliance of any key internal controls in place.
- Any communications from regulatory agencies concerning non-compliance with, or deficiencies in, reporting practices.
- Any non-compliance issues regarding the application of rules and regulations such as the Council's financial procedure rules or contract procedure rules.
- Any plans or intentions that may affect the valuation or classification of Council property or equipment and liabilities e.g. change in use or significant damage to an asset.
- Any large debts, fines, claims or other potential financial obligations.
- Any pending or threatened litigation relating to any of my service activities.

	Head of Service
Job Title	Head of Law
Date	24.08.21

2020/21 Service Assurance Statement		Responses			
		Yes	No	Partial	Provide comment, particularly on any responses of 'partial' or 'no'. Please feel free to add a comment on 'yes' responses to support the response.
1.Risk Management					
1.1	Whilst there is not a requirement to maintain an operational risk register I am satisfied there are arrangements in place to identify and mitigate risks where appropriate, for example in relation to any key projects.	X			OL maintains its own risk register of any legal cases that categorised as legal high risk. The register is managed and monitored by the OL management team
1.2	Any significant risks identified have been escalated to corporate management team and if necessary included within the corporate risk register.	X			As above.
2. Internal Control					
1 2 4 5	I am satisfied my service areas are kept up to date with updates and changes to relevant Council policies and procedures.	X			The OL team is kept updated, via team briefings/updates of changes to relevant council policies and procedures.
2.2	I am satisfied my services routinely monitor compliance with prescribed processes (Council policy, agreed procedures, statutory returns etc.)	X			OL operates in accordance with the relevant prescribed processes and, when advising its partner authorities, OL operates in accordance with the respective policies of its partner authorities and bodies.
2.3	I am satisfied my services fully understand and comply with all legislation that is relevant to our operations.	X			OL understands, complies with and advises on all legislation that is relevant to TBCs operations. Employees must also comply with professional standards that require understanding and compliance with legislation
2.4	Communication and reporting channels exist to allow timely reporting of operational issues to the relevant body e.g. corporate management team. Including appropriate escalation of incidents.	X			OL reports matters in accordance with the relevant prescribed processes and when advising its partner authorities, OL operates in accordance with the respective policies of its partner authorities.
2.5	I am satisfied there has been no circumvention of any key internal controls during the year or the complete removal of any key controls.	X			OL is aware of and follows all internal controls. When working for its partner authorities OL operates in accordance with the respective policies of its partner authorities.

3. Key Governance Framework					
3.1	I am satisfied my services fully understand and comply with their health and safety responsibilities.	X			The OL team is aware and comply with the requirements in respect of health and safety. OL also operates in accordance with the respective policies of its partner authorities.
3.2	I am satisfied my team comply with information management and security requirements, in particular, awareness and compliance to General Data Protection Regulation (GDPR).	X			The OL team is aware of and comply with the requirements in respect GDPR. OL also operates in accordance with the respective policies of its partner authorities and bodies the professional bodies who oversee the legal profession.
3.3	I am satisfied my services team are aware of and fulfil our responsibilities in respect of safeguarding children, young people and vulnerable adults.	X			The OL team is aware of and comply with the requirements in respect of safeguarding. OL also operates in accordance with the respective policies of its partner authorities and bodies.
3.4	Any cases of fraud or whistleblowing allegations have been reported in accordance with relevant policies and remedial action taken where necessary.	X			The OL team is aware and comply with the requirements in respect of fraud and whistleblowing. OL also operates in accordance with the respective policies of its partner authorities and bodies.
3.5	I am satisfied that any key projects are delivered in accordance with the council's project management framework.	X			Where required, OL follows and delivers in accordance with the TBC project management framework.
3.6	I am satisfied that all my service areas have awareness to and where necessary make declarations in respect of policies such as Code of Conduct, Gifts and Hospitality, other employment etc.	X			The OL team is aware of and comply with the requirements in respect of other TBC policies. One Legal also operates in accordance with the respective policies of its partner authorities and with those of the professional bodies who oversee the legal profession.
4. Financial System and Controls					
4.1	I am satisfied there is adequate budgetary and financial controls in place across my service areas particularly around the monitoring of budgets and taking appropriate action when required.	X			The OL management team oversees and monitors the OL budget and, in accordance with the OL governance arrangements, its budget is also monitored by the One Legal Joint Monitoring & Liaison Group.
4.2	In relation to the above all expenditure is legitimate and checked before authorisation – this includes expenditure types such as corporate procurement cards, travel and overtime/additional hours claims etc.	X			All claims are checked and authorised by officers at the appropriate level.
4.3	I am not aware of any instances where the council's financial procedure rules or contract procedure rules have not been complied to.	X			The OL team observe and advise on compliance with the relevant rules applicable to its partners.

4.4	All recruitment has been undertaken in accordance with the council's recruitment procedures.	X			Recruitment to vacant posts within OL is undertaken in accordance with TBC's recruitment procedures.
4.5	Any grant schemes set up or grants received have been approved in accordance with the council's financial procedure rules.	X			OL has not set up any grant schemes.
5. Control over Assets					
5.1	I am satisfied my services are aware and compliant with procedures that ensure the protection of assets from loss, damage and misuse.	X			All OL staff are briefed on the use of TBC assets
5.2	I am satisfied my services review and report instances of loss, damage and misuse of assets and take appropriate management action where necessary.	X			Any such incidents are reported to the OL management team.
5.3	I am satisfied that any disposal of assets have been approved in accordance with the council's financial procedure rules.	X			The OL management team and staff are aware of the requirements under the council's financial procedural rules.
6. Partnerships					
6.1 147	I am satisfied that any key partnerships which my services are part of have the necessary governance arrangements in place to ensure the effectiveness of that partnership.	X			<p>The service is provided by Tewkesbury Borough Council (as the lead authority) through an Agency Agreement, under S101 Local government Act 1972.</p> <p>A Joint Monitoring and Liaison Group (JMLG), comprising councillors and officers from each of the four partner Councils, oversees the performance and development of the shared service. The key requirements are identified as:</p> <ul style="list-style-type: none"> • The JMLG are satisfactorily fulfilling their terms of reference eg membership, frequency of meetings etc • Functions are being delivered, monitored and reported upon eg monitoring of service standards and client reporting protocols, monitoring of finance and performance information, determination of disputes, review potential expansion of the arrangement, client satisfaction etc • Complaints are handled in accordance with Tewkesbury's corporate complaints procedure • The key financial provisions are adhered to eg regular monitoring of financial plan, correct proportioning of disbursements and costs, insurance cover etc

7. Any other issues to note <i>(please give details)</i>					

TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	15 September 2021
Subject:	Annual Governance Statement 2020/21
Report of:	Corporate Governance Group
Corporate Lead:	Borough Solicitor
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	One

Executive Summary:

Every Council must ensure that its business is conducted within the law and proper standards, public money is safeguarded and used economically, efficiently and effectively. Governance of the Council is reviewed regularly by the Corporate Governance Group and is formally assessed through an Annual Governance Statement by that Group. The Annual Governance Statement (AGS) is produced in accordance with CIPFA/SOLACE guidance ('Delivering Good Governance in Local Government: Framework 2016')

Recommendation:

To APPROVE the Annual Governance Statement 2020/21.

Reasons for Recommendation:

Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 (now amended by The Accounts and Audit (Coronavirus) (amendment) Regulations 2020) require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement (AGS).

Resource Implications:

None arising directly from the report.

Legal Implications:

Contained in report.

Risk Management Implications:

If the Council does not produce an Annual Governance Statement then it is not compliant with legislation.

Performance Management Follow-up:

Significant governance issues will be subject to review throughout the year by the Corporate Governance Group and by the Audit and Governance Committee.

Implications for Biodiversity:

None

1.0 INTRODUCTION/BACKGROUND

- 1.1** Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.2** Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 (now amended by The Accounts and Audit (Coronavirus) (amendment) Regulations 2020) require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement. The Annual Governance Statement should normally be approved at the same time as, and certainly no later than, the Statement of Accounts. The Annual Governance Statement has been developed in accordance with 'Delivering Good Governance in Local Government: Framework (2016). The proposed Annual Governance Statement for 2020/21 can be found at Appendix 1.
- 1.3** The Good Governance Framework is based on seven principles of corporate governance which are set out below and which are underpinned by supporting principles and requirements:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it.
 - Managing the risks and performance through robust internal control and strong public financial management.
 - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

2.0 REVIEWING THE GOVERNANCE ARRANGEMENTS

- 2.1** The review is undertaken by the Corporate Governance Group and is based on the sources of assurance that are demonstrated in the documented governance framework diagram, illustrated on Page 11 of the AGS. The diagram succinctly demonstrates the wide coverage of the Council's governance framework.
- 2.2** The statement will be subject to review by the Council's external auditors to give assurance that it has been produced in compliance with guidance and is a fair reflection of the council's governance arrangements. In relation to COVID-19, this significantly impacted upon the Council's governance framework over the course of the last financial year. The AGS does, therefore, have a thread relating to COVID-19 including a high level overview of the impact. Despite all the challenges in responding to the pandemic, it is the opinion of the Corporate Governance Group that the Council's governance framework remained effective.

3.0 TEWKESBURY BOROUGH COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2020/21

- 3.1** The proposed AGS for 2020/21 is attached at Appendix 1 and identifies six areas of governance that require improvement. The significant areas for improvement are reflected in the table on Page 10 of the AGS with a proposed timescale and lead officer.
- 3.2** As Committee Members are aware, a key source of assurance for the AGS is the work of internal audit. As reported to the Audit and Governance Committee, the team was re-deployed for the whole of 2020/21 to support the administration of business grants. As per the Chief Audit Executive's annual report to Audit and Governance Committee on 21 July 2021 a 'limitation of scope' opinion was given to reflect that no audit work had been undertaken during the year. Given the importance of internal audit's role, the recovery of the team has been included as a significant governance issue.
- 3.3** In lieu of an independent internal audit opinion, a management assurance report is an Agenda item for today's meeting. This should give assurance on how the internal control environment has been managed during the year whilst responding to the pandemic and therefore directly supports the AGS.

4.0 OTHER OPTIONS CONSIDERED

- 4.1** None.

5.0 CONSULTATION

- 5.1** Corporate Governance Group and the Corporate Management Team.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

- 6.1** Tewkesbury Borough Council's Local Code of Corporate Governance.

7.0 RELEVANT GOVERNMENT POLICIES

- 7.1** None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

- 8.1** None arising directly from this report.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 None.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: Delivering Good Governance in Local Government CIPFA / SOLACE 2016

Tewkesbury Borough Council's Local Code of Corporate Governance

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Appendices: Appendix 1 – Draft Annual Governance Statement 2020/21

Annual governance **statement**

2020-2021

Draft



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Scope of responsibility

Tewkesbury Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 (now amended by The Accounts and Audit (Coronavirus) (amendment) Regulations 2020) require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement (AGS).

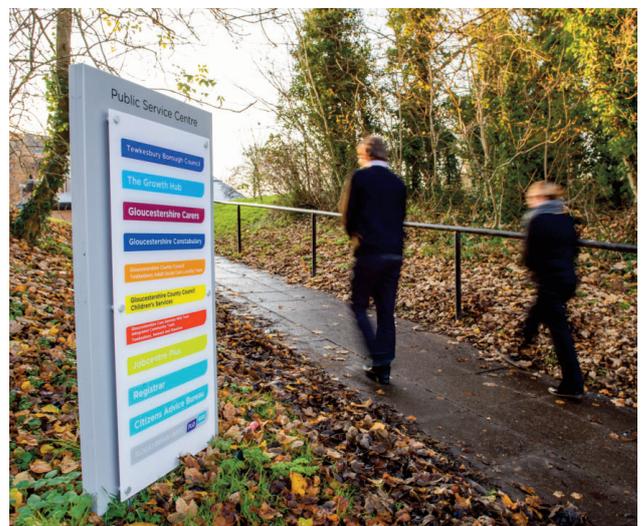
In England, the Accounts and Audit Regulations 2015 stipulate that the AGS must be 'prepared in accordance with proper practices in relation to accounts'. Therefore, a local authority in England shall provide this statement in accordance with the 'Delivering Good Governance in Local Government: Framework (2016)'.

COVID-19

As reported in the 2019/20 AGS the Council was required to initiate an emergency response to the COVID-19 pandemic. This response and associated

recovery actions, as detailed in an approved Corporate Recovery Plan, has continued throughout the 2020/21 financial year. By necessity this has brought significant challenges and disruption to the way Council services are normally delivered. During the year, some services were suspended, others have been under immense strain due to increased demand, and some new services have been established with pace and urgency to respond to the needs of our citizens, communities and businesses in need. At the time of writing the AGS, the Council's services remain in either response or recovery mode, and in some cases, a combination of both.

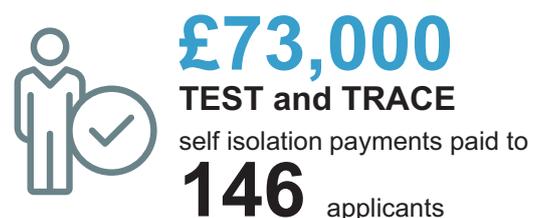
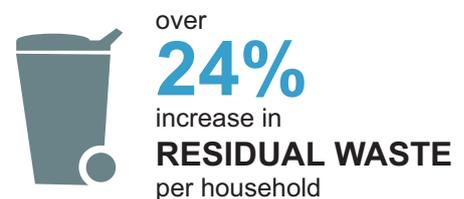
As a direct result of this, changes to existing strategic and operational governance arrangements, along with some new governance arrangements have been deployed as part of our response. This has included special and robust measures to support proper decision making and continued democratic accountability. A number of aspects of the impact of our response to COVID-19 are therefore reflected in this AGS and are best illustrated in the infographics on the following pages.



Covid-19: How we supported our community



Covid-19: How we supported our residents



Covid-19: How we supported our businesses



105 virtual help
and support **WEBINARS**
for **BUSINESSES** through
the **GROWTH HUB**



5384 **SUPPORT** and
ADVICE visits to businesses by
ENVIRONMENTAL health team



over **30m**
paid in **BUSINESS**
GRANTS



£21m
awarded through
BUSINESS RATE
RELIEF and expanded
retail/nursery discount



1230
BUSINESSES CONTACTED
via email or letter by the
ENVIRONMENTAL
health team



780
VISITS to **BUSINESSES**
by our Environmental Health
team

Covid-19: How we maintained good governance



over
40,200
VISITS to the Covid-19
MICROSITE



81
VIRTUAL
COMMITTEES
and member working
groups delivered



527
Management
TEAM
ACTIONS



82
information **BULLETINS**
for councillors and
parish councils



over **70** **FREEDOM**
of **INFORMATION** requests
relating to **covid-19**
received



6082
SUPPORT TICKETS
dealt with by **ICT TEAM**

CIPFA Better Governance Forum briefing note - 7 April 2020

This AGS has been completed in accordance with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). This guidance specifically relates to the composition of an AGS in relation to the pressures that councils are facing as a result of the Coronavirus pandemic. Succinctly, the briefing note advises the following:

- Conducting an annual review of effectiveness may not be possible so use existing reports, assessments and knowledge where possible.
- The Chief Audit Executive's (CAE) annual audit opinion may be delayed but should be completed and considered before the final publication of the AGS.
- Be clear about any limitations of assurance.
- It needs to be ensured that the AGS is current at the time of publication. The impact on governance as a result of COVID-19 therefore needs to be considered up to the date of final publication.
- English authorities should sign off their draft accounts by 31 July (for 2019/20 this was 31 August from 31 May). The draft AGS should be produced at the same time.
- The date for final publication of the accounts and AGS has been put back to 30 September. (for 2019/20 this was 30 November)
- Lessons learnt may be a significant governance issue particularly if this exercise has not been completed by the date of final publication.

The purpose of the governance framework

The governance framework defines the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework defines the principles that underpin good governance, providing a structure to help individual authorities with their approach to governance.

Governance structures and partnerships should be tested against the principles contained in the framework by:

- Reviewing existing governance arrangements.
- Developing and maintaining an up to date local code of governance, including arrangements for ensuring ongoing effectiveness.
- Reporting annually on compliance with the local code and how the effectiveness of governance arrangements have been monitored.

Delivering Good Governance in Local Government 2016 identifies the following core principles (which are supported with a raft of sub principles): -

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.

- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Examples of key elements of the structures and processes that comprise a council's governance arrangements include :-

- Codes of conduct that define standards of behaviour for members and staff and policies such as whistleblowing and anti-fraud and corruption and these codes are communicated effectively.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Documenting a commitment to openness and acting in the public interest.
- Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- Translating the vision into courses of action for the authority, its partnerships and collaborations.
- Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and

partnership arrangements.

- Management arrangements that conform with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and the CIPFA Statement on the Role of the Head of Internal Audit (2019).
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function and head of paid service function.
- Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained.
- Ensuring an effective scrutiny function is in place.
- Undertaking the core functions of an audit committee.
- Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The council's governance framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. A high level review is undertaken by the Corporate Governance Group (CGG) and is based on the sources of assurance that are demonstrated within appendix 1 (see page 11) – the council's governance framework. The review of effectiveness is mainly informed by the work of senior management who have responsibility for

the development and maintenance of the governance environment, internal and external audit reports plus third party assurance where relevant.

Despite resources being deployed to respond to COVID-19 and working in a remote environment, the council's governance framework has remained resolute. We have had to adapt and work flexibly to ensure good governance has been maintained. This has been supported by improvements to the governance framework. These are a combination of 'business as usual' improvements as well as those specific to support the council's recovery from COVID-19. The CGG identified the following key activities though this is not an exhaustive list;

- The development and approval of a COVID-19 Corporate Recovery Plan.
- As face to face meetings were not possible, to maintain transparency and accountability, the successful deployment of virtual committee meetings and member working groups (over 80 in total).
- To ensure an effective response to the pandemic the setting up of an internal management structure including a COVID-19 'management team+' group – meeting daily for many months. Underlying and supporting this group was a cell structure including a communication's cell, business cell, community cell and individual service cells. In addition, the council was/is represented on County led cells such as communications, mortality planning, health and wellbeing, community hub, homelessness and recovery.
- In compliance with the Council's Constitution all decisions undertaken by the Chief Executive under the urgency powers set out in

Part 3 of the Constitution as a result of the COVID-19 pandemic have been reported to Council.

- In light of COVID-19, the review and refresh of current and key strategies such as the communication's strategy, customer care strategy, Housing Strategy and Economic Development and Tourism strategy.
- The implementation of new HR policies such as 'Agile Working' and revision of current policies to support the organisational development response to COVID-19.
- The escalated rollout of the ICT Strategy, particularly around the deployment of laptops and associated infrastructure improvements to enable our workforce to work effectively from home.
- Using the new digital platform (Liberty Create) a new complaints framework and Freedom of Information request framework has been introduced. In relation to the former, this is part of wider framework implemented during the year, built around the '4 C's' (compliments, comments, concerns, complaints).
- In wider terms the new digital platform provides our customers with a significantly improved online experience. The new platform also provides efficiencies for the council through streamlining processes and removing the need to purchase additional software to deliver online services.
- A refresh and implementation of a new General Data Protection Regulation (GDPR) action plan.

- New policies approved for 'Proceeds of Crime and Anti-Money Laundering', 'Use of the Internet and Social Media in Investigations and Enforcement' and 'Corporate Enforcement'.
- Progress made in relation to the delivery of recommendations within the Local Government Association Peer Review report. These include delivery of a governance model for the Garden Communities programme, building upon our effective and embedded budget planning arrangements and senior leadership resilience.
- Building upon our good financial monitoring and reporting mechanisms more regular and enhanced financial analysis has taken place as a result of COVID-19. This includes monthly financial returns to the Ministry of Housing Communities and Local Government (MHCLG).

The CGG then considered progress on the delivery of the significant governance issues reported within the 2019/20 AGS. This is summarised below:-

Community Infrastructure Levy (CIL)

Whilst CIL is 'live', and a number of recommendations from a previous internal audit report have been implemented, for example the approval of an Infrastructure Funding Statement, the proposed governance arrangements between the three partner councils have yet to be approved. **This action remains outstanding and will be carried forward as a significant governance issue.**

Local code of corporate governance

To achieve good governance, the council should be able to demonstrate that its governance structures comply with the core and sub-principles contained within the 'Delivering good governance framework 2016'. To achieve this, the council's local code of governance should reflect these principles. The local code therefore needs to be updated to reflect these principles. Due to priority being given to the Covid-19 response, this has yet to be undertaken. **This action remains outstanding and will be carried forward as a significant governance issue.**

Company part owned by the council

Ubico Limited is company limited by shares that is jointly owned by the council and six other shareholders, namely, Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, Gloucestershire County Council, Stroud District Council and West Oxfordshire District Council. The company is a Teckal company as now governed by Regulation 12 of the Public Contracts Regulations 2015 which means that the shareholding councils can make direct awards to it without the requirement for public procurement process. The company provides front line environmental services including waste and recycling collections, street cleaning and grounds maintenance. Although the company is limited by shares (each council owns one £1 share) it operates on a not-for-profit basis with the benefits to its shareholders deriving from cost savings of the company providing those services.

There is currently no Council member or officer on the board of Ubico.

The council receives Board papers and minutes and Ubico publishes public documents from its Board meetings on its website together with its Annual accounts and five year Business Plan. [Environmental services Gloucestershire & West Oxfordshire | Ubico](#)

COVID-19 lessons learnt

A report on the council's learning with regard to its response to the pandemic is scheduled into the work programme of the Overview and Scrutiny Committee. This report will be presented in September 2021. As the report is scheduled and there is confidence it will be delivered in time, this can be removed as a significant governance issue.

Discretionary housing payments

This was identified as a significant governance issue due to an unsatisfactory internal audit opinion issued in relation to the administration of payments. The audit identified a combination of issues to conclude that opinion including; significant non-compliance with the approved policy - for example, not obtaining bank statements to support applications, errors in calculation, significant differentials relating to non-essential items and limited evidence that applicants over-occupying housing were proactively looking for alternative housing. A progress report was presented to Audit and Governance Committee on 23 September 2020 which demonstrated reasonable progress. A further report to give assurance of full implementation of the recommendations is scheduled for December 2021. **This will remain as a significant governance issue until full assurance of implementation has been obtained.**

Emerging issues

It is the opinion of the CGG that management and governance controls have remained robust and transparent. Given the complex and varying nature of the council's services and associated projects then it is not unreasonable to accept that areas for improvement may arise or in the case of this document, significant governance issues be identified.

A key source of assurance for the AGS, is the work of internal audit. Due to the team being re-deployed to support the Covid-19 Business Cell for the full financial year then the Chief Audit Executive (CAE) is unable to provide this assurance for 2020/21. This was confirmed within the CAE's annual report to Audit and Governance Committee on 21 July 2021. This report confirmed a limitation of scope regarding independent assurance from internal audit on the adequacy of the council's governance, risk management and control environment.

The recovery of the internal audit function is an action within the council's Corporate Recovery Plan. It was anticipated the function would be operative at some point in 2020/21. What was not envisaged was the on-going business grant schemes offered by central government, the complexity of those grants and the post-grant assurance framework. An internal audit function is a cornerstone of good governance. It is therefore critical that this recovery takes place effectively so as to avoid any limited scope next year. **The implementation of the internal audit recovery plan has been included as a significant governance issue.**

In lieu of an independent internal audit opinion, a management assurance statement will be

presented to Audit and Governance Committee in September. The management assurance statements confirm there are no further significant governance issues than those already identified.

In 2019, the Chartered Institute of Public Finance and Accountancy introduced a new Financial Management Code. This code provides guidance for good and sustainable financial management in local authorities and will provide assurance that resources are being managed effectively. 2020/21 is a 'shadow' year for the implementation of the FM Code. A key goal of the FM Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management.

Inevitably, the impact of Covid-19 has tested that financial resilience in 2020/21 and will continue to do so in coming years. For this reason, it is CIPFA's viewpoint the implementation of the Code in the shadow year remains a critical task. CIPFA further state there are clear links between the Code and the governance framework. For these reasons, the Annual Governance Statement for 2020/21 should include the overall conclusion of an assessment of the organisation's compliance with the principles of the FM Code. Where there are outstanding matters or areas for improvement, these should be included in the action plan.

Introducing and complying with the code is an action within the Council Plan but has been deferred as resources have been diverted to support the response to COVID-19. There is confidence that the majority of the standards within the Code are already practice but until that formal assessment is undertaken and in accordance with CIPFA guidance **the implementation of the Code has been identified as a significant governance issue.**

In terms of service improvements there are a

number of service reviews in progress. One such review is that of the Licensing Service, a key component of the Council's regulatory framework. The reason for the review is to look at resourcing and service commissioning following long term resilience issues within the service. Supporting this will also be a review of processes and systems as these are currently very manually orientated. The Business Transformation Team have this within their work programme and will work closely with Licensing Officers. **This review will be included as a significant governance issue.**

In the overall conclusion of the CGG, there is an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and broadly the framework is sound and arrangements are considered to be fit for purpose. The framework is extensive, complex and given the changing environment, particularly as a result of COVID-19, there will always be areas where governance can be strengthened. It would be unrealistic to expect all aspects of governance to be operating 100% effectively, 100% of the time.

Significant governance issues

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. Progress in delivering the issues identified will be reported to both corporate management team and Audit and Governance Committee

Governance issue	Proposed action	Timescale	Responsible officer/group
1 Community Infrastructure Levy (CIL) - governance arrangements.	Overall governance arrangements to be formalised between partners.	March 2022	Head of Development Services
2 Local Code of Corporate Governance.	Develop and approve a new code of governance.	March 2022	Head of Corporate Services
3 Administration of Discretionary Housing Payments.	Implementation of internal audit recommendations including; <ul style="list-style-type: none"> • Collection and assessment of evidence to support the integrity of DHP applications. • Review of the DHP policy including a review of non-essential items. • Independent verification check. 	December 2021	Revenues and Benefits Manager
4 Effective recovery of the internal audit function.	Implement the internal audit recovery plan including; <ul style="list-style-type: none"> • Review and revision of the suite of outstanding recommendations and their implementation timescales • Review of the team's quality assurance and improvement programme. • Backfill of resource that remains re-deployed. 	March 2022	Head of Corporate Services
5 Implementation of the CIPFA Financial Code	Undertake a position statement against the code and if necessary produce an improvement action plan.	March 2022	Head of Finance and Asset Management
6 Licensing Service Review	Undertake and complete a review of the service.	March 2022	Head of Community Services

Signed on behalf of Tewkesbury Borough Council

Councillor Rob Bird
Leader of the Council

Mike Dawson
Chief Executive

Date: September 2021

Date: September 2021

- Governance Framework – key documents/functions**
- Council Plan & Covid-19 Recovery Plan
 - Performance Management Framework
 - Constitution & scheme of delegation
 - Transform Programme
 - Communication Strategy
 - Constitution including financial procedure rules
 - Record of Decisions
 - Code of Conduct (Employees and Members)
 - Officer and Member Protocols
 - Code of Corporate Governance
 - Risk Management Framework
 - Anti-Fraud and Corruption Policy
 - Whistleblowing Policy
 - Project management framework
 - ICT Governance
 - Procurement Strategy
 - Contract Procedure Rules
 - Medium Term Financial Strategy
 - Treasury Management policy
 - Annual Statement of Accounts
 - Complaints Framework
 - Equalities Framework
 - Internal and External Audit
 - One Legal

Annual Governance Statement
Signed by the Leader of the Council and Chief Executive and published with the Statement of Accounts

Review and approval of AGS by Audit and Governance Committee

Council's assurance framework

Corporate Governance Group
responsible for drafting AGS after evaluating assurance framework

Review of the effectiveness of the system of internal control



on-going assurance on adequacy and effectiveness of controls over key risks

Mike Dawson
Chief Executive
Tewkesbury Borough Council



TEWKESBURY BOROUGH COUNCIL

Report to:	Audit and Governance Committee
Date of Meeting:	15 September 2021
Subject:	Corporate Risk Register
Report of:	Head of Corporate Services
Corporate Lead:	Chief Executive
Lead Member:	Lead Member for Corporate Governance
Number of Appendices:	1

Executive Summary:

The Council has a risk management framework and this is set out in the Council's approved risk management strategy. Risk management is an intrinsic element of good, effective management and should not be seen as a 'bolt on'. The strategy sets out the risk management approach around the identification, analysis, prioritisation and management of risk. A key element of the strategy is capturing key corporate risks through a Corporate Risk Register. This register is presented at each Audit and Governance Committee. The latest register can be found at Appendix 1.

Recommendation:

To CONSIDER the risks contained within the Corporate Risk Register and assurance that the risks are being effectively managed.

Reasons for Recommendation:

Risk management is an integral part of the Council's overall governance framework. It is within the Terms of Reference of the Audit and Governance Committee to gain assurance that key risks are effectively managed.

Resource Implications:

None arising directly from this report.

Legal Implications:

None arising directly from this report.

Risk Management Implications:

If the Council does not have in place a Corporate Risk Register then it cannot demonstrate that corporate risks are formally considered, scored and managed.

Performance Management Follow-up:

The Corporate Risk Register is considered at each Audit and Governance Committee and prior to this by Corporate Management Team.

Environmental Implications:

None.

1.0 INTRODUCTION/BACKGROUND

1.1 The Council's risk management strategy formalises the Council's risk management arrangements and sets out the risk management approach around the identification, analysis, prioritisation and management of risk. A key element of the strategy is the maintenance of a Corporate Risk Register that captures the Council's key corporate risks. The register is a high level document to record in a proportionate manner the key risks facing the Council, their risk score and high level management controls that are in place to manage individual risks. The scoring matrix within the strategy provides guidance on scoring those risks. The latest register can be found at Appendix 1.

2.0 CORPORATE RISK REGISTER

2.1 The register is a useful tool to demonstrate in a concise manner that corporate risks are being considered and managed. The headings within the register and the scoring of risk are all detailed within the risk management strategy. Succinctly, the scoring is based around three stages;

- Gross risk score (the inherent risk without any mitigating controls in place).
- Current risk score (the assessed risk after the application of controls).
- Target risk score (proposed risk score by applying future controls, if the current risk score is deemed to be too high).

It should be noted that the main focus should be on the risk description and the mitigating controls rather than to challenge the risk scores as these are only indicative. It is the assurance on the management of the controls which is important.

2.2 The format of the register is one which is commonly used throughout local government. There is no statutory requirement to have a register in place but is seen as good practice. It also helps the Audit and Governance Committee fulfil its risk management responsibilities. Internal audit support the Audit and Governance Committee in gaining assurance that the risks are being effectively managed. Days are allocated within the Internal Audit Work Plan to review the register and give assurance to the Committee around such things as:

- Is the register complete? Are there any risks missing?
- The controls detailed in the register – are they actually in place and working effectively?
- Future actions – is there assurance they will be implemented within appropriate timescales?

As reported to Audit and Governance Committee over the course of the last year, the Internal Audit team has been re-deployed to the Council's response to COVID-19 and their work plan has been suspended since April 2020. Therefore, at present independent assurance cannot be given on the effectiveness of mitigating controls. On a positive note, one of the Internal Audit team returned to internal audit in July 2021.

- 2.3 The risk register template includes a ‘comments’ box below each risk. This provides opportunity for each risk owner to provide an update on the status of that risk. For example, if the risk score has been downgraded as a result of effective control action being implemented or, alternatively, if the risk score has increased. An increase could happen through a number of scenarios, for example if an internal audit concluded that a mitigating control is not effective.
- 2.4 The risk register is presented at Corporate Management Team on a regular basis and further reviewed by the Corporate Governance Group; this group is chaired by the Borough Solicitor.

3.0 KEY UPDATES ON THE REGISTER

3.1 Summarised below are key updates arising since the register was last presented at Committee. The register was last considered by the committee on 21 July 2021 so given the time period some risks have no further update.

Risk identified	Key update arising
Ref 7. – Waste Service	It is proposed to remove the risk around the effectiveness of the waste contract. A five year extension to the Ubico contract was agreed at the beginning of the year. Over the last couple of years, there have been significant improvements to contract governance. Additionally, internal client monitoring arrangements have been bolstered over the last six months with the appointment of two new contract officers.
Ref 14. - Ashchurch Bridge Project	The project completion date of March 2022 is due to be formally amended, with Homes England, to September 2023.
Ref 15. – COVID-19 recovery	Our ‘return to work’ workstream has been implemented successfully – this is based on a phased return of staff whilst ensuring any face to face service delivery can be maintained. Moving forward a balanced approach between home working and office working is the goal. With regards to our ‘high street recovery’ workstream the Welcome Back Fund (£86k) action plan has been approved. The corporate COVID-19 recovery plan is in the process of being refreshed, as is the Council Plan and these strategic documents will first be considered to Executive Committee on 2 September 2021 then onto Council.
Ref 17. – National Driver Shortage (new risk)	The national driver shortage has been well documented in the media. This has the potential to impact upon our waste collection rounds though there is a plan in place which protects the high risk residual and food collection services.

Ref 18. – Waste transfer station (new risk)	Wingmoor Farm is the subject of a planning variation to enable them to continue operating as our waste transfer station for our residual waste. There is no viable alternative within a sensible geographic area and the only alternative would be to direct deliver our waste to Javelin Park. This could result in the council needing to put new rounds on and purchase new vehicles and employ more staff. .
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4.0 OTHER OPTIONS CONSIDERED

4.1 None.

5.0 CONSULTATION

5.1 None.

6.0 RELEVANT COUNCIL POLICIES/STRATEGIES

6.1 Risk Management Strategy.

7.0 RELEVANT GOVERNMENT POLICIES

7.1 None.

8.0 RESOURCE IMPLICATIONS (Human/Property)

8.1 None.

9.0 SUSTAINABILITY IMPLICATIONS (Social/Community Safety/Cultural/ Economic/ Environment)

9.1 None.

10.0 IMPACT UPON (Value For Money/Equalities/E-Government/Human Rights/Health And Safety)

10.1 Mitigation of risk will help the Council achieve its objectives.

11.0 RELATED DECISIONS AND ANY OTHER RELEVANT FACTS

11.1 None.

Background Papers: None

Contact Officer: Head of Corporate Services
01684 272002 Graeme.simpson@tewkesbury.gov.uk

Appendices: Appendix 1 – Corporate Risk Register (August 2021)

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated August 2021)

Code	Risk score	Risk Management view
Red	16 – 25	Must be managed down to reduce risk scores in the next year
Amber	5 – 15	Seek to improve the risk score in the medium term
Green	1-4	Tolerate and monitor

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk	Identified risk mgt action points	Target risk score
1	The uncertainty and volatility of council funding streams, including Business Rates Retention, New Homes Bonus and needs based funding, means that long term business planning is difficult and subject to significant change	<p>The Council received £3.3m from NHB, £0.7m from retained business rates and £1.85m from needs based grant in 2019-20.</p> <p>It has been indicated by central government that NHB will continue to be withdrawn in 22-23 and may or may not be replaced with an alternative scheme for incentivising housing growth.</p> <p>Business rates is a volatile income stream as a result of successful appeals. In addition, a planned move to a 75% retention scheme has been delayed for a year and there is a lack of detail around the new scheme. A planned reset of the system to redistribute growth has again been delayed.</p> <p>In Autumn 2020, a one year only Spending Review was again announced giving no certainty beyond March 22. As with business rates, the Fair Funding Review was also</p>	5	5	25 20	<p>Council does not use 100% of NHB to support base budget.</p> <p>Accumulated provisions within existing retained rates scheme</p> <p>Development of other funding streams such as Council Tax and Commercial properties</p> <p>Revised MTFS highlighting size of impact and potential measures to bridge the deficit</p> <p>Significant MTFS reserve.</p>	Head of Finance & Asset Management	25 20	<p>Further development of alternative income streams to reduce dependence on these funding streams</p> <p>Detailed planning around major cost saving areas identified in the MTFS</p> <p>Government clarification on future of local government finance including:</p> <ul style="list-style-type: none"> • Spending Review • Fair Funding Review • 75% business rates retention • Future of NHB and whether an alternative scheme will be brought forward 	9 6

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated August 2021)

Code	Risk score	Risk Management view
Red	16 – 25	Must be managed down to reduce risk scores in the next year
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Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk	Identified risk mgt action points	Target risk score
		delayed by a further year leaving councils uncertain as to how funding will be distributed to individual authorities.								
Comments: No further updates on any funding stream have been given by the Government in the last quarter. It is likely that information will not be released until the Spending Review later in the year, although this may, once again, cover only a one year period. No date has been set for the Spending Review announcement.										
2	Failure to see the delivery of residential and business growth within the Borough will have a significant impact within the MTFS planning	Growth within the Borough will attract significant additional funding streams by means of Council Tax, NHB and retained business rates. Given the reductions in core government grant and the increasing cost of delivering services, the income from growth is imperative to ensure a balanced MTFS and the ongoing delivery of services within the Borough.	5	4	20	Growth strategy set out in Joint Core Strategy Efficient management of DM process Programmes for the delivery of significant infrastructure Strong relationships with key agencies such as Homes England and GFirst LEP Economic Development Strategy	Corporate Management Team	15	Approval of Borough Plan Development and delivery of rail strategy J9 masterplan Business case developments for J10 Airport development strategy Identification of opportunities to use business rate reliefs to support and attract business Implementation of DM improvement action plan	10

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated August 2021)

Code	Risk score	Risk Management view
Red	16 – 25	Must be managed down to reduce risk scores in the next year
Amber	5 – 15	Seek to improve the risk score in the medium term
Green	1-4	Tolerate and monitor

Risk ref	Corporate risk identified	Impact assessment / comment	Impact Score (1-5)	Likelihood Score (1-5)	Gross risk score	Mitigating Controls	Risk Owner	Current risk	Identified risk mgt action points	Target risk score
						Establishment of Growth Hub			Agreement for governance of CIL funding to maximise infrastructure delivery.	
Comments: The strategic allocation are beginning to deliver reserved matters applications, which will see growth in the borough. The benefit of this will be undermined by the withdrawal of NHB and the lack of clarity around its replacement. The future of business rates retention remains unknown.										
3	If the ICT network is not adequately protected then there is a potential risk that it could be subject to a cyber-security attack leading to loss of systems and significant downtime.	Phishing attacks/Spear phishing – untargeted mass emails sent to many recipients to acquire sensitive information/targeted emails designed to look like its been sent from a trusted person. Denial of service (DoS) – hacker floods a website with more traffic than it can handle. Legitimate users are denied access to services, downtime of systems. Malware – forms of harmful software executed when it is mistakenly downloaded. Ransomware – denies access to systems until a ransom is paid. Reusing credentials on multiple systems makes it easier for a	5	5	25	Patch management Penetration testing Internal phishing awareness exercises PSN compliance Firewall management Cyber insurance	Head of Corporate Services	12	Review cyber security arrangements based upon Local Government Association best practice survey Additional £25k approved within 2021/22 budget.	9

Appendix 1 - Tewkesbury Borough Council: Corporate Risk Register (updated August 2021)

Code	Risk score	Risk Management view
Red	16 – 25	Must be managed down to reduce risk scores in the next year
Amber	5 – 15	Seek to improve the risk score in the medium term
Green	1-4	Tolerate and monitor

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174		<p>hacker to move around the network</p> <p>All or combination can lead to;</p> <ul style="list-style-type: none"> Loss of reputation and trust Financial loss – disruption to service delivery, cost of restoring systems Legal implications – personal data breach could lead to a significant fine 								
<p>Comments:</p> <p>The outcome of the external assessment of the council's cyber security arrangements against the best practice ISO27001 standard are currently being considered. The assessment was measured against a set of 114 key controls. Within the 2021/22 budget, a further £25k has been approved within the ICT base budget for strengthening the council's cyber security arrangements. With regards to cyber resilience, a cyber security incident response plan is currently being developed and will be in place by the end of the year.</p>										
4	If business continuity planning is not in place then there is a risk the council would struggle to deliver its services in the event of an incident	<p>Does the council understand the major threats and risk to the business operations?</p> <p>Is a business continuity plan in place?</p>	4	4	16	<p>Individual service continuity plans</p> <p>Draft corporate plan</p> <p>ICT disaster recovery</p>	Head of Corporate Services	12	<p>Finalise and test draft plan.</p> <p>Alternative premises solution</p> <p>Review individual service plans.</p>	9

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175		<p>Is the plan tested for various scenarios?</p> <p>Have priority systems been identified?</p> <p>A BC incident could be any of the following:</p> <ul style="list-style-type: none"> • ICT downtime • Major staff absence • Property access • Supply chain failure 								
<p>Comments: The corporate Business Continuity Plan was due to be tested in early 2020. This exercise was to be facilitated by the Civil Protection Team but their resource was concentrated upon dealing with Brexit and the potential impact this will have on Gloucestershire. The response to Covid-19 has been the ultimate test to our emergency and business continuity planning – lessons have been learned and teams adapting to challenging issues. Lesson learnt are currently being captured within service areas and will be presented to Overview and Scrutiny Committee in September. A recent discussion with the Civil Protection Officer (Gloucestershire County Council) has taken place and this team will support the council's services to review our business continuity framework. This will include a review of the corporate plan, a review of service continuity plans incl business impact analysis and testing through desktop scenarios. A specific date has yet to be agreed but anticipated around the last quarter of the financial year.</p>										
5	If the council is not compliant with General Data Protection Requirement then there is a risk of financial penalties and adverse publicity.	<p>Reputational – adverse publicity and internal impact on service and individuals</p> <p>Financial – potential fines from ICO or compensation claim from individuals</p>	4	4	16	<p>Data Protection Policy</p> <p>Governance structure in place eg Information Board, Data Protection Officer</p>	Head of Corporate Services	12	<p>Rollout of e-learning module</p> <p>Implementation of related audit recommendations</p> <p>Implementation of GDPR action plan</p>	9

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		Resource – time consuming to report, investigate and mitigate data breaches Staff morale – in case of data breaches, potential disciplinary action				appointed, designated Senior Information Risk Owner, SpoC Breach reporting framework Staff awareness training				
Comments: Since April 2020, a new Single Point of Contact (SPoC) is in place to oversee GDPR – this officer shares that role with internal audit duties. A consolidated action plan has been developed, pulling together previous actions and all internal audit recommendations. The action plan is progressing well including the recent purchase of new online training, a comprehensive communications plan, redaction training for nearly 45 staff is being set up, draft mailbox usage policy is due for consideration by management team, and any data breaches continue to be investigated promptly. An annual report on the adequacy of the council's GDPR arrangements will be presented to committee in December.										
6	Ineffective Emergency Planning	Failure to deliver support to the community in the event of an emergency. Public not warned and informed in the event of an emergency Negative perception of the Council by external parties / partners/local businesses Failure to deliver critical services in the event of a declared	4	4	16	Trained and willing volunteers / staff. Up to date emergency / business continuity plans. Regular reviews of EP RAG Status (quarterly)	Head of Community Services	8	Develop further capacity within the organisation to assist in the case of an emergency. Undertake a lessons learnt exercise of our Covid-19 response. Formal training programme to be developed. Review of sandbag policy.	4

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		emergency or event. Could result in significant extra cost over the long term				Partnership working with the LRF and other partners e.g. Severn Trent Water. Sufficient equipment for rest centres			Review of flooding incident which occurred December 2020/January 2021.	
<p>Comments: There is a review of the LRF Multi-Agency flood plan and the TBC flood plan are underway. Also being reviewed is the Rest Centre Plans List, this will ensure that we have sufficient rest centres should we need to open them. A number of new members of staff have volunteers to be involved in the emergency planning process and a training needs analysis is underway to ensure that we have sufficient trained staff in the event of an emergency</p>										
7	Failure of our waste partner to deliver an effective service.	Failure of contractor or partners to deliver services or meet agreed performance targets leads to additional costs or failed objectives. Failure of MRF operator to be able to fulfil contract.	5	3	15	Contract / Performance monitoring processes in place and improved. Established government arrangements. 5 year extension of the Ubico contract has been approved. Additional resource now recruited to	Head of Community Services	10 4	Review of contractual arrangements and service specifications. Service review and improvement plan for street cleansing.	8 4

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						support the waste service				
Comments: A 5-year extension to the Ubico contract was agreed earlier in 2021. Our MRF contractor is operating effectively.										
178 8	Use of Swindon Road depot.	Our waste services are currently based at the Swindon Road Depot in Cheltenham. The depot is currently leased to Ubico by Cheltenham Borough Council. If CBC were minded to terminate this arrangement then we may need to identify a suitable depot for Ubico to operate of waste services from.	5	2	10	Lease agreement in place.	Head of Community Services	8	Elements of the lease arrangement of the depot have been reviewed and changes made to formalise the arrangements with Cheltenham BC. Consider where a temporary depot could operate from in an emergency.	5
Comments: Lease arrangements are in place. Working with Cheltenham Borough Council on potential depot plans and locations. A project group involving officers from TBC, CBC and Ubico are exploring alternative options for a strategic depot at a different location to Swindon Road. This project is still in it's very early stages and has been delayed due to Covid-19.										
9	Safeguarding arrangements	That the arrangements and implementation of policies and procedures by the Council (and its partners) are not adequate to protect vulnerable adults and children who may be at risk of significant harm. The damage to	5	2	10	Staff awareness of safeguarding. Safeguarding policy in place.	Head of Community Services	6	Raising awareness of safeguarding policies and procedures with staff through staff briefings, one to ones, PPDs and training.	4

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		the Council would be mainly reputational.				Feedback from S.11 annual audit. Partnership working though the District Safeguarding Network. Taxi driver DBC checks carried out. Street Trader DBS checks implemented. Safeguarding policy has been reviewed and adopted.			Adopt the quality assurance framework for safeguarding. Where necessary ensure pre-employment checks / DBS checks are carried out.	
Comments: Audit & Governance Committee received an update on safeguarding and the new S.11 process at their meeting 16 December 2020. Feedback on the submitted S.11 statement has been received from the assurance panel and officers are working through to consider the feedback and any improvements that need to be made as a result.										
10	Failure to maintain council assets and ensure ongoing tenancies could result in significant cost and lost income	The council has a significant property portfolio encompassing both operational and investment assets. For example, the total commercial portfolio is £60m producing an annual gross income of £3.4m.	5	4	20	Recent refurbishment of service related property Establishment of annual contribution to Asset	Head of Finance and Asset Management	6	Establishment of long term asset maintenance programme, including allocation of required funding.	3

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081						Maintenance Programme Commercial investment reserve Trained and experienced staff Appointment of external investment support Recruitment of additional Property Officer				
Comments: The council is currently tendering for the installation of an air-to-air heat system to replace its obsolete gas boilers and provide a green heat system within the council offices for the next 20 years. An updated Asset management Plan will be produced for Q4 of 21/22 followed by a revised long term maintenance plan.										
11	If the Growth Hub fails to deliver the outputs as specified within the LEP agreement then there is potential that the capital grant would have to be repaid.	<ul style="list-style-type: none"> Financial risk (£500k) Reputational Wider impact on economic delivery in the borough 	3	3	9	Performance monitoring through CRM system Partnership working and effective governance with LEP Dedicated staff to manage hub and outputs e.g.	Head of Development	4		4

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						manager and navigator Promotion through business networks				
12	The uncertainty over Brexit leads to an adverse impact on council services and its communities.	<ul style="list-style-type: none"> Potential fuel shortages Data transfer implications Supply chain delays Economic impact Election – impact on resource 	4	4	16	Business continuity and contingency planning Intelligence and networking eg Local Resilience Forum, government agencies	Corporate Management Team	16	On-going participation in multi-agency network Potential support to small businesses through Growth Hub Glos LRF undertaking an audit of countywide fuel storage capacity	12

Comments:
 Growth Hub has now been operating for over 2 years. Due to Covid-19 and government guidelines the Growth hub has been closed to the public since the end of March 2020. This has understandably impacted on the attainment of some outputs, such as visitor footfall. Output discussions have been undertaken with the LEP, who understand the situation as the other Network Hubs in Gloucestershire are also closed to the public. The Growth Hub Manager presented at a recent meeting of the council's Overview and Scrutiny Committee on how the Growth Hub has performed since opening and how it has supported businesses during the pandemic. The presentation was positively received. Since opening, nearly 2,000 visitors have been welcomed to the hub, over 380 business growth plans have been delivered, over 5,000 business support interactions and 193 business events delivered. During Covid, there has been significant support given to the business cell, particularly around business grants, 107 virtual events have been held together with a number of Q&A business forums. **Plans, including the appropriate risk assessments, have been prepared in line with the re-opening of the hub from the 19 July 2021. The reopening of the hub is phased, starting with a pre-arranged appointment only service initially.**

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						Government funding of £52k			Data storage assessment	
Comments: A trade deal was reached between the EU and the UK, however what this means locally is still an evolving picture.										
13	Garden town status	Failure to deliver Garden Town project will have an impact on the Council in <ul style="list-style-type: none"> • Reputation - Confidence from Government of TBC ability to deliver programme (planning stages) • Financial (loss of NHB from assumed delivery of homes) • Non Delivery of homes and jobs required for community (delivery stages) 	5	5	25	Tewkesbury Borough Council are holding regular meetings with the Project Assurance Group which is attended by a Homes England representative. The project is being managed through the standard HE Project Delivery Plan (PDP).	Head of Development Services/ Garden Town Programme Director.	12	Upcoming Annual Review process with MHCLG/ Homes England representatives will serve as an important health check point. – complete. An Annual Review was completed with Homes England representatives at the end of April which was an important health check. The session went well, and useful learning points have been noted to support the forward plan. Review resource of the project team– additional capacity needs being considered.	9

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183						<p>Project Team in place.</p> <p>The evolution of the masterplan has been completed and will be published later in the year with Reg 18 of the JCS. The evolution of the masterplan to inform the JCS Review.</p> <p>The Council has been successful in receiving extra funding from MHCLG and Homes England.</p> <p>Upcoming Annual Review process with MHCLG/ Homes</p>			Recent funding award from Government included £500k for assessment of options for delivery vehicles and £1.5m towards the County run project assessing J9/A46 capacity challenges.	

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						England representatives will serve as an important health check point.				
13	<p>Comments: Delivery of the programme will potentially be over a 25-30 year period. During that time, there will be many challenges and risk elements to be mitigated. At this early formation stage, the team are focusing on getting the key foundations in place in terms of clarifying the forward strategy and ensuring the council has the capacity and capability to start delivery. The highest risk in this regard, is further delay to the JCS Review. The review is vital in providing an important policy context for the Garden Town and the means to safeguard the programme's future. In particular, the role it will be able to play in helping bring forward sustainable and well managed growth. Reputationally and procedurally, the council is relatively exposed until the JCS Review process gets underway and progresses. Meanwhile, the team works on other key elements such as the Framework Masterplan, assembly of land and the delivery of enabling basic infrastructure. The Programme is currently well regarded by Government and further capacity funding has been awarded.</p>									
14	Non-delivery of the Ashchurch bridge project.	The project has a time limit of March 2022 for funding draw-down. (Note: due to be formally amended)	5	3	15	Grant funding agreement with Homes England (2019) Submit planning application March September 2020 Planning permission granted 16 March 2021.	Programme Director	15	Planning permission granted 16 March 2021. Detailed design work now underway, post planning, including commencement of the associated link roads workstream.	8

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						<p>Agree licence/access with landowners</p> <p>Network Rail is an active part of the project board.</p>			<p>Heads of terms for land acquisition and access rights issued to landowners and due to be formalised legally shortly. Supporting transport modelling work to inform wider land assembly strategy completed Spring 2021.</p> <p>Detail for BAPA for construction phase in preparation/process of review.</p>	
<p>Comments: The HIF grant award of £8,132,465 is under contract. However, due to programme slippage caused by Covid, the project completion date of March 2022 is due to be formally amended, with the HIF team at Homes England, to September 2023. This will require a Deed of Variation to the funding contract. The first tranche of HIF grant funding was successfully drawn down in March 2021, following a positive planning determination. The project team are now planning ahead to the construction phase due to commence in summer 2022.</p>										
15	The resource required to respond to and recover from the Covid-19 pandemic is likely to have a significant impact upon the council's priorities.	<ul style="list-style-type: none"> Non delivery of council plan ambitions Progress stalled in delivery of high profile projects 	5	4	20	<p>'prioritisation of priorities'</p> <p>£500k recovery reserve</p> <p>HR support and wellbeing policies</p>	Corporate Management Team	16	<p>Utilisation of recovery reserve to support capacity.</p> <p>Continued monitoring of workloads.</p>	8

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		<ul style="list-style-type: none"> Adverse impact on staff health and wellbeing Financial impact upon budget 				Covid-19 recovery plan Recovery aligned to government roadmap			Align progression of relevant recovery actions to the government's roadmap out of lockdown. Annual refresh of recovery plan and council plan.	
<p>Comments: Whilst this is impacting on the council now and technically an 'issue' rather than a risk it would be remiss not to include it within the register given this is not likely to be a short term issue. Quarterly updates continue to be provided to Overview and Scrutiny Committee through the council plan performance tracker and Covid-19 recovery plan. Our 'return to work' workstream has been implemented successfully – this is based on a phased return of staff whilst ensuring any face to face service delivery can be maintained. Moving forward a balanced approach between home working and office working is the goal. With regards to our 'high street recovery' workstream the Welcome Back Fund (£86k) action plan has been approved. The corporate Covid-19 recovery plan is in the process of being refreshed, as is the Council Plan and these strategic documents will first be considered to Executive Committee on 2 September 2021 then onto Council.</p>										
16	The climate change motion approved by Council included a commitment to work with partners in Gloucestershire to achieve countywide carbon neutrality aims as well as carbon neutrality	The climate change motion approved by Council in October 2019 contained a number of points including: <ul style="list-style-type: none"> Carbon neutral status for the council offices by 2030 working with partners in Gloucestershire to 	4	5	20	Temporary consultancy support Appointment of countywide coordinator	Head of Finance & Asset Management	16	Identification of specific actions to support wider carbon neutrality of whole council and the Borough. Allocation of funding to support specific activities, both on an on-going and one-off basis	4

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181	for the Council's own services. Both of these targets are likely to require significant funding in delivering the aim.	<p>achieve countywide carbon neutrality aims</p> <p>These aims are likely to require significant change in the council's own service delivery and influencing change in the wider community.</p> <p>The ambitions will also require significant financial input and additional capacity to deliver.</p>				<p>Approval of action plan for Council carbon neutrality</p> <p>Grant funding secured to replace heating system within the offices.</p>			<p>Source external grant funding opportunities</p> <p>Collaborative working with partners to maximise efficiency and reduce cost</p>	
<p>Comments: Executive Committee approved in early July the Year 2 action plan, a £100,000 reserve and a recommendation to Council to budget for a permanent Carbon Reduction officer. This is expected to be approved by Council in September.</p>										
17	National driver shortage	There is a national shortage of HGV drivers. The impact is that across the Ubico contracts they are struggling to recruit and retain RCV drivers. The	4	4	16	Increase the market supplement for drivers and train more loaders to become drivers.	Head of Community Services	16	<p>Monitor closely.</p> <p>Apply the business continuity plan if services are suspended.</p>	8

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18		supply of agency drivers is a concern. The overall impact of this is that contract costs may increase and waste rounds may suffer from shortages resulting in service suspensions.							Continue dialogue with Ubico and suggest ideas to improve e.g. offering a golden hand shake / incentive for referrals of drivers from staff etc.	
<p>Comments: The national driver shortage has been well documented in the media. This is due to a number of factors including C19 and the UK leaving the EU. Various actions have been taken such as raising the market supplement for drivers but it remains a high risk. There is a business continuity plan in place which protects the high risk residual and food collection services and this is being implemented where needs be. The home office have been approached and requested to relax the requirements for EU nationals with these skills entering the country but no response has been received to date.</p>										
18	Waste transfer station at Wingmoor Farm subject to a variation of their planning,	The waste transfer at Wingmoor Farm is the subject of a planning variation to enable them to continue operating as our waste transfer station for our residual waste. There is no viable alternative within a sensible geographic area and the only alternative would be to direct deliver our waste to Javelin Park,	4	4	16	Seek to influence GCC planning committee decision.		16	Make representation to GCC planning committee and also to TBC planning committee setting out the implications for the council.	16

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681		this could result in the council needing to put new rounds on and purchase new vehicles and employ more staff. This will have significant financial implications for the council.								
<p>Comments: The implications of having to direct deliver all of our residual waste to Javelin Park (JP) are significant. We calculate that approximately 4 additional waste rounds would be needed to mitigate the additional time that would be needed to drive from the point on the round where the vehicles are full to JP and return to that point 2/3 times a day. This is also likely to increase the risk of overweight vehicles. Representation has been made to GCC planning Committee which meets on 30th September to discuss the matter. If the planning variation is refused it is likely that Grondon will appeal and this will give TBC some time but this will be limited.</p>										