Tewkesbury
Borough Council

UNAUDITED

Financial Statements for the year ended 31 March 2023

Executive Director: Resources
Simon Dix

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STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

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

The Executive Director: Resources' Responsibilities

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

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

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

The Executive Director: Resources has also:

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

I certify that the financial statements on pages 4 to 92 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 2023.

S J Dix
Executive Director of Resources
Date: 27/09/2023

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

Councillor Dove
Date: 27/09/2023

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/2022 Gross Expenditure £'000	2021/2022 Gross Income £'000	2021/2022 Net Expenditure £'000		Note	2022/2023 Gross Expenditure £'000	2022/2023 Gross Income £'000	2022/2023 Net Expenditure £'000
291	0	291	Chief Executive Unit		341	0	341
9,520	-3,977	5,543	Community Services		9,951	-3,522	6,429
15,466	-12,540	2,926	Corporate Services		15,939	-12,392	3,547
1,619	-1,077	542	COVID-19 Business Grants		0	0	0
942	-192	750	Democratic Services		964	-1	963
-17	0	-17	Deputy Chief Executive Unit		0	0	0
5,989	-4,807	1,182	Development Services		7,078	-4,639	2,439
3,592	-1,355	2,237	Finance and Asset		3,782	-2,788	994
2,958	-2,083	875	One Legal		2,704	-2,112	592
168	-22	146	Borough Solicitor		219	0	219
40,528	**-26,053**	**14,475**	**Total Cost of Continuing Operations**		**40,978**	**-25,454**	**15,524**
2,242	-4,151	-1,909	Other Operating Income & Expenditure	**12**	4,316	-2,406	1,910
1,511	-4,921	-3,410	Financing and Investment Income and Expenditure	**13**	4,193	-4,259	-66
0	-14,719	-14,719	Taxation and Non-Specific Grant Income and Expenditure	**14**	0	-16,340	-16,340
3,753	**-23,791**	**-20,038**			**8,509**	**-23,005**	**-14,496**
44,281	**-49,844**	**-5,563**	**(Surplus)/Deficit on Provision of Services**		**49,487**	**-48,459**	**1,028**
		-1,256	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets				-1,016
		10	Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income				43
		-10,386	Actuarial (Gains)/Losses on Pensions Assets/Liabilities				-27,270
		-11,632	**Other Comprehensive Income and Expenditure**				**-28,243**
		-17,195	**Total Comprehensive Income and Expenditure**				**-27,215**

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 2022/2023							
Balance at 1 April 2022 brought forward	**1,000**	**28,548**	**1,311**	**7,601**	**38,459**	**4,758**	**43,217**
Total Comprehensive Income & Expenditure	-1,028	0	0	0	-1,028	28,243	27,215
Adjustments between accounting basis & funding basis under regulations (Note 11)	901	0	266	2,298	3,465	-3,465	0
Increase/Decrease (movement) in Year	-127	0	266	2,298	2,437	24,778	27,215
Transfers to/from Earmarked Reserves (Note 12)	127	-127	0	0	0	0	0
Balance at 31 March 2023 carried forward	**1,000**	**28,421**	**1,577**	**9,899**	**40,897**	**29,535**	**70,432**

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 2021/2022							
Balance at 1 April 2021 brought forward	**800**	**30,811**	**1,090**	**3,838**	**36,539**	**-10,518**	**26,021**
Total Comprehensive Income & Expenditure	5,563	0	0	0	5,563	11,633	17,196
Adjustments between accounting basis & funding basis under regulations (Note 11)	-7,342	-284	221	3,763	-3,642	3,642	0
Increase/Decrease (movement) in Year	-1,779	-284	221	3,763	1,921	15,275	17,196
Transfers to/from Earmarked Reserves (Note 12)	1,979	-1,979	0	0	0	0	0
Balance at 31 March 2022 carried forward	**1,000**	**28,548**	**1,311**	**7,601**	**38,460**	**4,757**	**43,217**

Balance Sheet

31/03/2022 £'000		Notes	31/03/2023 £'000
	Property, Plant & Equipment		
25,003	Other Land & Buildings	**15**	25,643
188	Infrastructure Assets	**15**	180
1,385	Vehicles, Plant, Furniture & Equipment	**15**	1,720
23	Community Assets	**15**	183
1,190	Assets Under Construction	**15**	29
27,789			**27,755**
61,553	Investment Property	**16**	59,938
218	Heritage Assets		218
147	Intangible Assets		104
89,707			**88,015**
10,558	Long Term Investments	**17**	10,452
1,429	Long Term Debtors	**17**	879
101,694	**Total Long Term Assets**		**99,346**
	Current Assets		
10,011	Short Term Investments	**17**	18,127
10,922	Short Term Debtors	**18**	9,411
11,428	Cash & Cash Equivalents	**19**	566
32,361	**Current Assets**		**28,104**
	Current Liabilities		
13,719	Short Term Borrowing	**17**	10,732
23,984	Short term Creditors	**20**	18,827
4,442	Provisions	**21**	5,086
42,145	**Current Liabilities**		**34,645**
91,910	**Total Assets Less Current Liabilities**		**92,805**
	Long-Term Liabilities		
16	Provisions	**21**	16
20,333	Long Term Borrowing	**17**	19,800
28,035	Net Pensions Liability	**23.3**	2,302
309	Other Long Term Liabilities		255
48,693	**Long-Term Liabilities**		**22,373**
43,217	**Net Assets**		**70,432**
1,000	General Fund Reserve		1,000
28,548	Earmarked Reserves	**11**	28,421
1,311	Capital Receipts Reserve	**MIRS**	1,577
228	Capital Grants Unapplied	**MIRS**	541
7,373	Community Infrastructure Reserve	**MIRS**	9,357
38,460	**Usable Reserves**		**40,896**
9,325	Revaluation Reserve	**23.1**	10,239
26,015	Capital Adjustment Account	**23.2**	24,336
-28,035	Pensions Reserve	**23.3**	-2,242
-651	Collection Fund Adjustment Account	**23.4**	419
-10	Financial Instruments Revaluation Reserve	**23.6**	-52
-1,961	Short-term Accumulating Compensated Absences Account	**23.7**	-2,150
74	Pooled Investments Adjustment Account	**23.5**	-1,014
4,757	**Unusable Reserves**		**29,536**
43,217	**Total Reserves**		**70,432**

These financial statements were authorised for issue by the Executive Director: Resources on 31/05/2023.
Simon Dix

CASH FLOW STATEMENT

2021/2022		Note	2022/2023
£'000			**£'000**
5,563	Net (surplus) or deficit on the provision of services		-1,028
7,778	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**24**	5,089
81,931	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		48,508
95,272	**Net cash flows from Operating Activities**		**52,569**
-90,992	Investing Activities	**25**	-58,219
1,962	Financing Activities	**26**	-5,212
6,242	**Net increase or decrease in cash and cash equivalents**		**-10,862**
5,186	Cash and cash equivalents at the beginning of the reporting period		11,428
11,428	**Cash and cash equivalents at the end of the reporting period**	**19**	**566**

Note 1 - Accounting Policies

1.1 General Principles

The financial statements summarise the Council's transactions for the 2022/2023 financial year and its position at the year-end of 31 March 2023. 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 2022/2023 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Finance Act 2003.

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

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

1.2 Accruals of Expenditure and Income

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

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

• Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet.

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

• Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

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

1.3 Cash and Cash Equivalents

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

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

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

1.4 Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

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

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

Post Employment Benefits

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

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

The Local Government Pension Scheme

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

• The liabilities of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

• Liabilities are discounted to their value at current prices, (see relevant note for further details)

• The assets of the Gloucestershire County Council pension fund attributable to the Council are included in the Balance Sheet at their bid value as required by IAS 19.

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

Discretionary Benefits

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

1.5 Events After the Reporting Period

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

• Those that provide evidence of conditions that existed at the end of the reporting period – the financial statements are adjusted to reflect such events; and

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

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

1.6 Financial Instruments

Financial Liabilities

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

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

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value.

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

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

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

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

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

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

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

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

Level 3 inputs – unobservable inputs for the asset.
Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

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

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

1.7 Government Grants and Contributions

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

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

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

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

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

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

Community Infrastructure Levy

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

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

1.8 Intangible Assets

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

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

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

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

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

1.9 Interests in Companies and Other Entities

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

1.10 Investment Property

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

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

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

1.11 Leases

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

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

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

The Council as Lessee

Finance Leases

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

Lease payments are apportioned between:

• A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and

• A finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Council as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

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

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

1.12 Non-Current Assets Held for Sale and Disposals

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

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

• The asset is available for immediate sale in the present condition subject to terms that are usual and customary for such assets;

• The sale must be highly probable, the appropriate level of management must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated;

• The asset must be actively marketed for a sale at a price that is reasonable in relation to the current value;

• The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

Disposals

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

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

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

1.13 Overheads and Support Services

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

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

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

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

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

1.15 Property, Plant and Equipment

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

Recognition

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

Measurement

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

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

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

Current Value (Existing Use)	• 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	• 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	• 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	• Represents the cost of bringing the asset into operational use less an adjustment for depreciation. Used where a reliable estimate of its current fair value cannot be made; • 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 deminimis for capital purposes of £10,000 (including groups of assets) except where a specific government grant has been received or it is an enhancement of an existing asset.

Impairment

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

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

• Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

• Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

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

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

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

Componentisation

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

The Council has taken the view that 'significant' means:
• The cost of the component is more than 25% of the cost of the asset as a whole; and
• The cost of the component is more than £500,000.

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

1.16 Charges to Revenue for Non-Current Assets

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

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

• Amortisation of intangible assets attributable to the service.

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

1.17 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

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

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

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

Contingent Liabilities

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

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

Contingent Assets

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

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

1.18 Reserves

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

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

1.19 Revenue Expenditure Funded from Capital under Statute

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

1.20 VAT

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

1.21 Heritage Assets

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

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

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

Subsequently to initial disclosure, the Council uses insurance valuations of the assets as an estimation of the carrying value of these assets. Our insurance schedule is updated annually and the officer responsible for the assets held assesses whether this valuation is adequate.
The carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

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

1.22 Council tax and Non-Domestic rates (NDR)

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

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

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

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

2 Accounting Standards Issued, Not Adopted

The 2022/23 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the code. The Code also requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in the 2022/23 and 2023/24 financial statements in respect of accounting changes that are introduced in the 2022/23 Code are:

1) IAS 8 - Accounting policies, changes in accounting estimates and errors. In February 2021 the board issued Definition of Accounting Estimates. The amendments introduced the definition of accounting estimates and included other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies.

2) IAS 1 - Presentation of Financial statements. In February 2021 the Board issued Disclosure of Accounting Policies which amended IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements. The amendment amended IAS 1 to replace the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information.

3) IAS 12 - Income Taxes. In May 2021 the Board issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

4) IAS 3 - Updating a reference to the conceptual framework

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

We are planning to adopt IFRS16 Leases on 1 April 2024 at the revised implementation date.

3. Critical Judgements in Applying Accounting Policies

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

Consideration of Group Accounts

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

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

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

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

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

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

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

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

The items in the Council's Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year (due to assumptions/judgements) are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value measurement	Where PPE has been valued using Depreciated Replacement Cost (DRC) there is uncertainty around the cost of rebuilding this asset. In the current economic climate, where inflation is extremely high (construction supplies have increased by over 10% in 22-23) , the cost of building supplies would result in the rebuild being materially different to the current DRC in the balance sheet.	The Council's value use BCIS indexes in calculating the rebuild cost. If the building material increased by a further 10%, this would result in a increase of approximately £980k. This is based our largest asset that is valued using the DRC method.
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 16 and 17.	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 £349,900. Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties.

<table>
<tr><td rowspan="6">Pensions Liability</td><td>The assumptions under the Accounting Standard are largely prescribed at any point and reflect market conditions at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries/deferred pension revaluation/pension increases in payment), can have a significant effect on the value of the obligations reported. There is also uncertainty around life expectancy, and the value of current and future pension benefits will depend on how long pensions are assumed to be in payment. The disclosures have been prepared using the longevity assumptions stated in Note 34.</td><td colspan="2">The effects on the scheme liabilities of changes in individual assumptions can be measured and the sensitivities regarding the principal assumptions are set out below:

The main demographic assumption is around the life expectancy of members.
The actuary estimates that a one year increase in life expectancy would increase the Employer's Defined Benefit Obligation by around 3-5%.</td></tr>
<tr><td>Change in assumptions at year ended 31 March 2023</td><td>Approx. % increase to Employer Liability</td><td>Approx. monetary amount (£'000)</td></tr>
<tr><td>0.1% decrease in Real Discount Rate</td><td>2%</td><td>1,235</td></tr>
<tr><td>1 year increase in member life expectancy</td><td>4%</td><td>2,884</td></tr>
<tr><td>0.1% increase in the Salary Increase Rate</td><td>0%</td><td>151</td></tr>
<tr><td>0.1% increase in the Pension Increase Rate (CPI)</td><td>2%</td><td>1,102</td></tr>
</table>

5. EXPENDITURE AND FUNDING ANALYSIS

2021/22 Net Expenditure Chargeable to the General Fund	2021/22 Adjustments between the Funding and Accounting Basis (Note 10)	2021/22 Net Expenditure in the CIES		2022/23 Net Expenditure Chargeable to the General Fund	2022/23 Adjustments between the Funding and Accounting Basis (Note 10)	2022/23 Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
255	36	291	Chief Executive Unit	283	58	341
4,025	1,518	5,543	Community Services	4,695	1,734	6,429
2,190	736	2,926	Corporate Services	2,815	732	3,547
542	0	542	COVID-19 Business Grants	0	0	0
665	85	750	Democratic Services	898	65	963
0	-17	-17	Deputy Chief Executive Unit	0	0	0
468	714	1,182	Development Services	1,960	479	2,439
2,991	-754	2,237	Finance and Asset	1,620	-626	994
293	582	875	One Legal	187	405	592
106	40	146	Borough Solicitor	189	30	219
11,535	**2,940**	**14,475**	**Total Cost of Continuing Operations**	**12,647**	**2,877**	**15,524**
2,243	-4,152	-1,909	Other Operating Expenditure	2,434	-524	1,910
-1,940	-1,470	-3,410	Financing and Investment Income and Expenditure	-1,763	1,697	-66
-10,059	-4,660	-14,719	Taxation and Non-Specific Grant Income and Expenditure	-13,191	-3,149	-16,340
-9,756	**-10,282**	**-20,038**		**-12,520**	**-1,976**	**-14,496**
1,779	**-7,342**	**-5,563**	**(Surplus)/Deficit on Provision of Services**	**127**	**901**	**1,028**
31,327			**Opening General Fund Balance**	**29,548**		
-1,779			**Less surplus or (deficit) on General Fund Balance in year**	**-127**		
29,548			**Closing General Fund Balance at 31 March**	**29,421**		
			Closing Balance made up of			
1,000			General Fund Balance	**1,000**		
28,548			Earmarked Reserves (note 11)	**28,421**		
29,548				**29,421**		

6. Expenditure and Funding Analysis detail

Adjustments from General Fund to arrive at the CIES amounts 2022/2023	Adjustment for Capital Purposes £'000	Net Change to the Pensions Adjustment £'000	Other Statutory Adjustments £'000	Other Non Statutory Adjustments £'000	Total Adjustments £'000
Chief Executive Unit	0	49	0	9	58
Community Services	1,336	344	0	55	1,735
Corporate Services	158	509	0	63	730
Democratic Services	0	57	0	8	65
Deputy Chief Executive Unit	0	0	0	0	0
Development Services	20	451	0	8	479
Finance and Asset	460	-1,111	0	25	-626
One Legal	3	384	0	19	406
Borough Solicitor	0	28	0	2	30
Total Cost of Continuing Operations	**1,977**	**711**	**0**	**189**	**2,877**
Other Operating Expenditure	-524	0	0	0	-524
Financing and Investment Income and Expenditure	-1,773	766	0	2,704	1,697
Taxation and Non-Specific Grant Income and Expenditure	-2,079	0	-1,070	0	-3,149
Difference between General Fund surplus or deficit and CIES surplus on the provision of services	**-2,399**	**1,477**	**-1,070**	**2,893**	**901**

6. Expenditure and Funding Analysis detail (continued)

Adjustments from General Fund to arrive at the CIES amounts 2021/2022	**Adjustment for Capital Purposes £'000**	**Net Change to the Pensions Adjustment £'000**	**Other Statutory Adjustments £'000**	**Other Non Statutory Adjustments £'000**	**Total Adjustments £'000**
Chief Executive Unit	0	23	0	13	36
Community Services	1,086	356	0	77	1,519
Corporate Services	94	523	0	119	736
Democratic Services	0	67	0	18	85
Deputy Chief Executive Unit	0	0	0	-17	-17
Development Services	35	551	0	127	713
Finance and Asset	477	-1,299	0	67	-755
One Legal	3	448	0	131	582
Borough Solicitor	0	33	0	7	40
Total Cost of Continuing Operations	**1,695**	**702**	**0**	**542**	**2,939**
Other Operating Expenditure	-4,151	0	0	0	-4,151
Financing and Investment Income and Expenditure	-1,077	745	0	-1,138	-1,470
Taxation and Non-Specific Grant Income and Expenditure	-634	0	-4,026	0	-4,660
Difference between General Fund surplus or deficit and CIES surplus on the provision of services	**-4,167**	**1,447**	**-4,026**	**-596**	**-7,342**

7. Material Items of Income and Expense

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

Revenues from external customers	2021/2022 £'000	2022/2023 £'000
Rents, Lettings, Wayleaves, Easements	-3,547	-3,473
Development Services - Planning Fees	-1,332	-1,189
One Legal - recharges for services to other local authorities	-950	-1,641
Community Services - Garden Waste Income	-1,007	-1,049

Material income from Grants and Contributions is disclosed on Note 30.
There are no items of material income and expense that are not identified elsewhere in the accounts. For the purpose of this note the Council considers material items to be those greater than £750k.

8. Expenditure & Income Analysed By Nature

	2021/2022 £'000	2022/2023 £'000
Expenditure		
Employee Benefits	12,367	12,774
Other Services	25,916	27,268
Depreciation, Amortisation, Impairment and Revenue Financing	1,695	4,681
Interest Payments	463	449
Precepts and Levies	2,242	2,433
Loss on Disposal/Impairment of Assets	0	1,882
COVID-19 Business Grants	1,597	0
Total Expenditure	**44,281**	**49,487**
Income		
Fees, Charges & Other Service Income	-15,099	-13,324
Interest & Investment Income	-3,783	-4,259
Capital Revaluation Gains	-1,199	0
Council Tax, Non-Domestic Rates	-9,830	-11,110
Government Grants & Contributions	-18,222	-19,690
COVID-19 Business Grants	-1,066	0
COVID-19 Grants	-644	-75
Total Income	**-49,844**	**-48,459**
Surplus/Deficit	**-5,563**	**1,028**

9. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Executive Director: Resources 31/05/2023. Events taking place after this date are not reflected in the financial statements or notes.

On Monday 15 May 2023 Tewkesbury Borough Council received a letter from Homes England agreeing to the withdrawal from the Housing Infrastructure Fund Marginal Viability Fund (HIF MVF) which was the programme that was utilised to finance the delivery of the Ashchurch Bridge over Rail project.

The commencement date of the project was 1 April 2019 with an initial project completion date of 31 March 2022. However, due to challenges faced in the delivery of the project, extensions to the programme had been agreed. Planning permission was granted in March 2021 however a judicial review challenge by Ashchurch Rural Parish Council (ARPC) meant that no works could commence until the High Court decision had been made. In January 2022 the decision was upheld however ARPC appealed this decision and on 7 February 2023 the Court of Appeal ruled in favour of ARPC.

The successful appeal meant that our planning committee would have to redetermine the application for the bridge which would again delay the project. A further extension was sought from Homes England but given the time bound nature of the MVF programme, an extension was not agreed and Tewkesbury Borough Council formally withdrew from the HIF MVF programme to fund the Ashchurch Bridge over Rail project.

Homes England recognised that all expenditure incurred in the delivery of the project was in good faith and agreed to fund the £1,762k incurred to date. In light of this we have financed the expenditure using this capital grant and have impaired the whole of the Ashchurch bridge Asset under Construction as at 31 March 2022. Whilst this impacts the Comprehensive Income and Expenditure Statement it is reversed out through the Movement in Reserves Statement so it does not impact the General Fund in line with CIPFA Code of Practice.

As the events after the balance sheet provide evidence of the impairment of the asset at the balance sheet date, all accounting adjustments have been reflected within these financial statements.

10. Adjustments Between Accounting Basis and Funding Basis Under Regulations

2021/2022 Usable Reserves General Fund Balance £'000	2021/2022 Usable Reserves Capital Receipts Reserve £'000	2021/2022 Usable Reserves Capital Grants Unapplied including CIL Reserve £'000		2022/2023 Usable Reserves General Fund Balance £'000	2022/2023 Usable Reserves Capital Receipts Reserve £'000	2022/2023 Usable Reserves Capital Grants Unapplied including CIL Reserve £'000
			Adjustments to revenue reserves			
			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			
-1,447	0	0	Pension costs (transferred to (or from) the Pensions Reserve)	-1,477	0	0
614	0	0	Pooled investment funds (transferred to the pooled investment funds adjustment account)	-1,088	0	0
4,026	0	0	Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	1,070	0	0
-542	0	0	Holiday pay (transferred to the Accumulated Absences Reserve)	-190	0	0
-1,171	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)	-5,482	0	0
1,480	**0**	**0**	**Total Adjustments to revenue resources**	**-7,167**	**0**	**0**
			Adjustments between revenue and capital resources			
539	-539	0	Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	429	-429	0
634	0	-917	Transfer of capital grants and contributions to capital grants unapplied	2,079	0	-2,080
882	0	0	Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	927	0	0
3,613	0	-3613	Transfers in respect of community infrastructure levy (CIL) receipts	1,985	0	-1,984
194	0	0	Capital Expenditure financed from revenue balances (transfers to the Capital Adjustment Account)	846	0	0
5,862	**-539**	**-4,530**	**Total adjustments between revenue and capital resources**	**6,266**	**-429**	**-4,064**
			Adjustments to capital resources			
0	318	0	Use of the Capital Receipts Reserve to finance capital expenditure	0	163	0
0	0	767	Receipt and Application of capital grants to finance capital expenditure	0	0	1,766
0	0	0	Cash payments in relation to deferred capital receipts	0	0	0
0	**318**	**767**	**Total adjustments to capital resources**	**0**	**163**	**1,766**
7,342	**-221**	**-3,763**	**Total adjustments**	**-901**	**-266**	**-2,298**

11. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/2023.

	Balance 31/03/2021 £'000	Movement 2021/2022 £'000	Balance 31/03/2022 £'000	Movement 2022/2023 £'000	Balance 31/03/2023 £'000
Asset Management Reserve*	1,322	-234	1,556	-40	1,596
Borough Growth Reserve	628	0	628	49	579
Borough Regeneration Reserve	82	0	82	61	21
Business Rates Earmarked Reserve	4,916	3,736	1,180	596	584
Business Rates Reserve	500	500	0	0	0
Business Support Reserve	1,004	750	254	166	88
Business Transformation Reserve**	999	-290	1,289	-251	1,540
Climate Change Reserve	404	39	365	255	110
Community Support Reserve***	884	-9	893	-115	1,008
Council Tax Reserve	251	0	251	153	98
Development Management Reserve	485	12	473	74	399
Development Policy Reserve****	911	-1,108	2,019	281	1,738
Elections Reserve	191	0	191	-38	229
Flood Support and Protection Reserve	10	0	10	0	10
Garden Town Reserve	1,202	-82	1,284	913	371
Health & Leisure Development reserve	101	99	2	2	0
Horsford Reserve	75	4	71	5	66
Housing & Homeless Reserve	543	-106	649	92	557
Information Technology Reserve	231	64	167	2	165
Insurance Reserve	60	0	60	60	0
Investment Reserve	350	-100	450	-150	600
Mayors Charity Reserve	5	0	5	0	5
MTFS Equalisation Reserve*****	2,781	-322	3,103	135	2,968
Open Space & watercourse Reserve ******	738	100	638	-291	929
Organisational Development Reserve	104	-54	158	-553	711
Planning Obligation Reserve *******	9,620	454	9,166	-1,061	10,227
Risk Management Reserve	260	-500	760	150	610
Transport Initiatives Reserves	0	0	0	0	0
Waste & Recycling Development Reserve ********	2,153	-691	2,844	-368	3,212
Totals	**30,810**	**2,262**	**28,548**	**127**	**28,421**

Material Reserves

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

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

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

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

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

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

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

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

Hierarchy of Reserves

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

	Balance 31/03/2023 £'000
External/Ringfenced	3,641
Agreed Projects	5,510
Planned Expenditure	3,462
Uncommitted Reserve	4,926
Planning Obligations Reserve	10,227
Trust and Charity reserves	71
Business rates reserve	584
	28,421

12. Other Operating Income & Expenditure

2021/2022 £'000		2022/2023 £'000
-3,613	Community Infrastructure Levy Capital Receipts	-1,984
2,242	Parish Council Precepts	2,433
0	Payments to Government Housing Capital Receipts Pool	0
-61	Gains/Losses on Disposal Of Non-Current Assets	8
0	Impairment of Asset	1874*
-477	Other Income - Right to Buy Sales	-421
-1,909		**36**

*Please see Note 9 for further explanation

13. Financing & Investment Income & Expenditure

2021/2022 £'000		2022/2023 £'000
463	Interest payable and similar charges	449
-53	Interest receivable and similar income	-534
745	Net interest on the net defined benefit liability	766
-524	Income and expenditure in relation to changes in investment properties fair value	1,616
-3,050	Income and expenditure in relation to investment properties	-3,053
-991	Gains/losses and dividends for financial instruments classified as fair value through profit and loss	690
-3,410		**-66**

14. Taxation and Non Specific Grant Income and Expenditure

2021/2022 £'000		2022/2023 £'000
-6,914	Council Tax Income	-7,409
-1,327	Non-domestic rates income and expenditure	-3,701
-23	Revenue Support Grant	-24
-3,589	Other Non-Ring fenced Government Grants	-3,127
-1,588	Expanded Retail Relief - Non-domestic rates	0
-634	Capital Grants and Contributions	-2,079
-644	COVID-19 Grants	0
-14,719		**-16,340**

15. Property, Plant and Equipment

Movements in 2022/23

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets '£'000	Community Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
Cost or Valuation						
At 1 April 2022	**25,003**	**6,883**	**326**	**23**	**1,190**	**33,425**
Additions	0	443	0	0	1,582	**2,025**
Transfers	0	708	0	160	-868	**0**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	640	0	0	0	0	**640**
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	0	0	0	0	0	**0**
Derecognition-disposals	0	-97	0	0	-1,875	**-1,972**
At 31 March 2023	**25,643**	**7,937**	**326**	**183**	**29**	**34,118**
Accumulated Depreciation and Impairment						
At 1 April 2022	**0**	**-5,498**	**-138**	**0**	**0**	**-5,636**
						0
Depreciation charge	-365	-800	-8	0	0	**-1,173**
Depreciation written out to Revaluation Reserve	365	0	0	0	0	**365**
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	81	0	0	0	**81**
At 31 March 2023	**0**	**-6,217**	**-146**	**0**	**0**	**-6,363**
Net Book Value						
At 31 March 2023	**25,643**	**1,720**	**180**	**183**	**29**	**27,755**
At 31 March 2022	**25,003**	**1,385**	**188**	**23**	**1,190**	**27,789**

15. Property, Plant and Equipment (continued)

Movements in 2021/22

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets '£'000	Community Assets £'000	Assets Under Construction £'000	Total Plant, Property & Equipment £'000
Cost or Valuation						
At 1 April 2021	**24,095**	**6,853**	**326**	**23**	**953**	**32,250**
Additions	0	417	0	0	236	**653**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	908	0	0	0	0	**908**
Revaluation increases/(decreases) to Surplus/Deficit on Provision of Services	0	0	0	0	0	**0**
Derecognition-disposals	0	-387	0	0		**-387**
At 31 March 2022	**25,003**	**6,883**	**326**	**23**	**1,190**	**33,425**
Accumulated Depreciation and Impairment						
At 1 April 2021	**0**	**-5,213**	**-129**	**0**	**0**	**-5,343**
						0
Depreciation charge	-348	-673	-8	0	0	**-1,029**
Depreciation written out to Revaluation Reserve	348	0	0	0	0	**348**
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	388	0	0	0	**388**
At 31 March 2022	**0**	**-5,498**	**-137**	**0**	**0**	**-5,636**
Net Book Value						
At 31 March 2022	**25,003**	**1,385**	**189**	**23**	**1,190**	**27,789**
At 31 March 2021	**24,095**	**1,640**	**197**	**23**	**953**	**26,908**

15. Property, Plant and Equipment (continued)

Depreciation

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

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

Capital Commitments

As at 31 March 2023, the Council has not entered into any material capital contracts to undertake works on assets that are owned

Effects of Changes in Estimates

In 2022/2023, the Council changed its depreciation policy for laptops by reducing the UEL from 5 to 3 years to reflect the true economic benefit of these assets. The result of this change is immaterial.

Revaluations

During 2022/23 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 2028. There is also an option to extend the contract by 3 further years. The contract specifies that all Property, Plant and Equipment, required to be measured at current value, is revalued annually as at the 31 March. Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

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	1,720	363	0	**2,083**
Carried at cost incurred to date	0	0	0	29	**29**
Valued at current value	25,643	0	0	0	**25,643**
Total Cost or Valuation	**25,643**	**1,720**	**363**	**29**	**27,755**

16. Investment Properties

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

2021/2022 £'000		2022/2023 £'000
-3,099	Rental income from investment property	-3,145
2	Direct operating expenses arising from investment property	8
-3,097	**Net (gain)/loss**	**-3,137**

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:

2021/2022 £'000		2022/2023 £'000
61,029	**Balance 1 April**	**61,553**
	Additions:	
0	Purchases	0
	Disposals:	
524	Net gains/losses from fair value adjustments	-1,616
61,553	**Balance 31 March**	**59,938**

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	1,771	0	**1,771**
Commercial Units	0	57,817	0	**57,817**
Other	0	0	350	**350**
Total as at 31 March 2023	**0**	**59,588**	**350**	**59,938**

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

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

Significant Observable Inputs – Level 2

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

Significant Unobservable Inputs – Level 3

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

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

The value of assets categorised within Level 3 as at the 31 March 2023 is £350k (value as at 31 March 2022 was £337k). There has been no change in the assets identified in this category.

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

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

Valuation Process for Investment Properties

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

17. Financial Instruments

Financial Instruments - Classifications

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

Financial Liabilities

Financial Liabilities
A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.
All of the Council's financial liabilities held during the year are measured at amortised cost and comprised:
• long-term loans from the 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

Financial Liabilities	Long term				Short term				TOTAL	
	Borrowing		Creditors		Borrowing		Creditors			
	31/03/2023 £000s	31/03/2022 £000s	31/03/2023 £000s	31/03/2022 £000s	31/03/2023 £000s	31/03/2022 £000s	31/03/2023 £000s	31/03/2022 £000s	31/03/2023 £000s	31/03/2022 £000s
Amortised Cost	19,800	20,333	101	101	10,732	13,719	3,277	2,479	33,910	36,632
Total Financial Liabilities	**19,800**	**20,333**	**101**	**101**	**10,732**	**13,719**	**3,277**	**2,479**	**33,910**	**36,632**
Liabilities not defined as financial instruments	**0**	**0**	22,272	48,592	**0**	**0**	31,499	39,666	53,771	88,258
TOTAL	**19,800**	**20,333**	**22,373**	**48,693**	**10,732**	**13,719**	**34,776**	**42,145**	**87,681**	**124,890**

* The total short-term borrowing includes £191k representing accrued interest on long-term borrowing, as well as the principal and interest due on repayments within 12 months.

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

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

• shares in real estate investment trusts held as strategic investments

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

	Long term				Short term					
	Investments		Debtors		Investments		Debtors		TOTAL	
Financial Assets	**31/03/2023 £000s**	**31/03/2022 £000s**	**31/03/2023 £000s**	**31/03/2022 £000s**	**31/03/2023 £000s**	**31/03/2022 £000s**	**31/03/2023 £000s**	**31/03/2022 £000s**	**31/03/2023 £000s**	**31/03/2022 £000s**
Fair value through profit or loss	7,979	9,067	0	0	0	0	0	0	7,979	9,067
Amortised cost	2,025	1,000	236	278	18,127	10,011	3,992	4,503	24,381	15,792
Fair value through other comprehensive income – designated equity instruments	448	491	0	0	0	0	0	0	448	491
Cash & Cash Equivalents	0	0	0	0	566	11,428	0	0	566	11,428
Total Financial Assets	10,452	10,558	236	278	18,694	21,439	3,992	4,503	33,374	36,778
Assets not defined as financial instruments	0	0	0	0	0	0	4,584	6,419	4,584	6,419
TOTAL	**10,452**	**10,558**	**236**	**278**	**18,694**	**21,439**	**8,576**	**10,922**	**37,958**	**43,197**

Equity Instruments Elected to Fair Value through Other Comprehensive Income

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

The fair value is classified as level 2 because the share price is observable data – it is the net asset value as reported to the international stock exchange.

	Fair Value		Dividends	
	31.03.23 £000s	**31.03.22 £000s**	**2022/23 £000s**	**2021/22 £000s**
Fundamentum REIT	448	490	13	5
Total	**448**	**490**	**13**	**5**

17. 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:

	Amortised Cost £'000	Amortised Cost £'000	Elected to Fair Value through OCI £'000	Fair Value through Profit & Loss £'000	2022/23 Total £'000	2021/22 Total £'000
Interest expense	449	0	0	0	449	463
Losses from change in fair value	0	0	0	0	0	0
Interest payable and similar charges **	**449**	**0**	**0**	**0**	**449**	**463**
Interest income	0	-534	0	0	-534	-61
Dividend income	0	0	-13	-385	-398	-369
Loss from changes in fair value	0	0	0	1,088	1,088	-605
Impairment loss reversals	0	0	0	0	0	0
Interest and investment income **	**0**	**-534**	**-13**	**703**	**156**	**-1034**
Net impact on surplus/deficit on provision of services	**449**	**-534**	**-13**	**703**	**605**	**-571**
Impact on other comprehensive income	**0**	**0**	**43**	**0**	**43**	**10**
Net Gain/(Loss) for the Year	**449**	**-534**	**30**	**703**	**648**	**-561**

Financial Instruments - Fair Values

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

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. A calculation has been made of what their fair values would be by estimating the net present value of the remaining contractual cash flows at 31 March 2023, using the following methods and assumptions:

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

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 2023 £000s	Fair Value 31 March 2023 £000s	Balance Sheet 31 March 2022 £000s	Fair Value 31 March 2022 £000s
Financial liabilities held at amortised cost:					
Long-term loans from PWLB**	2	19,800	13,538	20,333	19,422
TOTAL		**19,800**	**13,538**	**20,333**	**19,422**
Liabilities for which fair value is not disclosed *		14,110		16,299	
TOTAL FINANCIAL LIABILITIES		**33,910**		**36,632**	
Recorded on balance sheet as:					
Short-term creditors		3,277		2,479	
Short-term borrowing		10,732		13,719	
Long-term creditors		101		101	
Long-term borrowing		19,800		20,333	
TOTAL FINANCIAL LIABILITIES		**33,910**		**36,632**	

* 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 lower 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.

**The Long term loans from PWLB would materially change if the interest rates were to change by 1%. The impact of the fair value if there was fall of 1% would be £2.1m and the impact of a rise would be £1.6m

Financial Assets

	Fair Value Level	Balance Sheet 31 March 2023 £000s	Fair Value 31 March 2023 £000s	Balance Sheet 31 March 2022 £000s	Fair Value 31 March 2022 £000s
Financial assets held at fair value:					
Money market funds	1	1,450	1,450	6,500	6,500
Property funds and non-traded REITs	2	4,088	4,088	4,850	4,850
Bond, equity and diversified funds	1	4,339	4,339	4,708	4,708
TOTAL		**9,877**	**9,877**	**16,058**	**16,058**
Assets for which fair value is not disclosed *		23,497		20,720	
TOTAL FINANCIAL ASSETS		**33,374**		**36,778**	
Recorded on balance sheet as:					
Long-term debtors		236		278	
Long-term investments		10,452		10,558	
Short-term debtors		3,992		4,503	
Short-term investments		18,127		10,011	
Cash and cash equivalents		566		11,428	
TOTAL FINANCIAL ASSETS		**33,373**		**36,778**	

* 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 financial assets held at amortised cost is lower than their balance sheet carrying amount because the interest rate on similar investments is now higher than that obtained when the investment was originally made.

18. Short Term Debtors

The balances outstanding at 31 March are summarised as follows:

	2021/2022 £'000	2022/2023 £'000
Local Tax Collection - Government bodies	819	594
Local Tax Collection - Ratepayer Arrears	1,162	1,436
Trade Debtors	2,065	1,765
Other Debtors	6,318	4,592
Prepayments & accrued income	2,246	2,708
Gross Debts	**12,610**	**11,095**
less Bad Debt Impairments	-1,688	-1,684
Total Net Debtors	**10,922**	**9,411**

19. Cash and Cash Equivalents

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

	2021/2022 £'000	2022/2023 £'000
Cash held by the Council	189	322
Bank current accounts	-763	-1,212
Short-term deposits	12,002	1,456
Total Cash and Cash Equivalents	**11,428**	**566**

20. Short Term Creditors

The balances outstanding at 31 March are summarised as follows:

	2021/2022 £'000	2022/2023 £'000
Local Tax Collection - Precepting/billing authorities	10,529	8,995
Local Tax Collection - Ratepayer Accounts	1,513	943
Other Taxation	225	196
Trade Creditors	1,248	1,909
Other creditors	10,468	6,784
Total	**23,983**	**18,827**

21. Provisions

21.1 Short Term Provisions

	Outstanding Legal Cases	Business Rate Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2022	**682**	**3,708**	**52**	**4,442**
Additional provisions made	673	656	33	**1,362**
Amounts used	-398	-108	-15	**-521**
Unused amounts reversed	-197	0	-1	**-198**
Balance at 31 March 2023	**760**	**4,256**	**69**	**5,085**

21.2 Long Term Provisions

	Outstanding Legal Cases	Business Rate Appeals Provision	Other Provisions	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2022	**0**	**0**	**16**	**16**
Unused amounts reversed	0	0	0	**0**
Balance at 31 March 2023	**0**	**0**	**16**	**16**

Description of main provisions

Outstanding Legal Cases

There are a number of planning appeals which are subject to appeal and which are yet to be determined, these provisions amount to £453k.

Prosecution of Morrisons has resulted in a challenge to the decision which remains outstanding, total provision to date stands at £150k.

We have a number of other cases/matters which remain unresolved and a provision has been made in the sum of £216k.

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 £4,256k at the 31 March 2023 relating to business rate appeals.

There is a provision of £200k which is to cover anticipated legal costs as part of the Councils statutory responsibility to investigate two Health & Safety at work accidents within Tewkesbury Borough business premises.

22. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 5, 10 and 11.

23. Unusable Reserves

23.1 Revaluation Reserve

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

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

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

2021/2022 £'000		2022/2023 £'000
8,150	**Balance at 1 April**	**9,325**
1,256	Upward revaluation of assets & reversal of previous impairment losses	1,017
-81	Difference between fair value depreciation and historical cost depreciation	-103
9,325	**Balance at 31 March**	**10,239**

23.2 Capital Adjustment Account

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

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

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

23.2 Unusable Reserves (continued)

Capital Adjustment Account

2021/2022 £'000		2022/2023 £'000
24,943	**Balance at 1 April**	**26,015**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
-1,029	Charges for depreciation and impairment of non-current assets	-3,047
0	Revaluation losses on Property, Plant and Equipment	0
-45	Amortisation of intangible assets	-43
-621	Revenue expenditure funded from capital under statute	-749
0	Adjusting amounts written out of the Revaluation Reserve	103
81	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	-16
	Capital financing applied in the year:	
318	Use of the Capital Receipts Reserve to finance new capital expenditure	162
768	Application of grants to capital financing from the Capital Grants Unapplied Account	1,766
882	Statutory provision for the financing of capital investment charged against the General Fund	927
194	Capital expenditure charged against the General Fund	846
524	Movements in the market value of Investment and donated properties debited or credited to the Comprehensive Income and Expenditure Statement	-1,628
26,015	**Balance at 31 March**	**24,336**

23.3 Pensions Reserve

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

2021/2022 £'000		2022/2023 £'000
-36,974	**Balance at 1 April**	**-28,035**
10,386	Remeasurements of the net defined benefit liability/(asset)	27,270
-4,282	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	-4,244
2,835	Employer's pensions contributions and direct payments to pensioners payable in the year	2,767
-28,035	**Balance at 31 March**	**-2,242**

23.4 Collection Fund Adjustment Account

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

2021/2022 £'000		2022/2023 £'000
-4,677	**Balance at 1 April**	**-651**
4,026	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.	1,070
-651	**Balance at 31 March**	**419**

23.5 Pooled Investment Funds Adjustment Account

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

2021/2022 £'000		2022/2023 £'000
-540	**Balance at 1 April**	**74**
614	Fair value gain on financial instruments	0
0	Fair value losses on financial instruments	-1,088
74	**Balance at 31 March**	**-1,014**

23.6 Financial Instruments Revaluation Reserve

The financial instruments revaluation reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:
i) revalued downwards or impaired and the gains are lost
ii) disposed of and the gains are realised.

2021/2022 £'000		2022/2023 £'000
0	**Balance at 1 April**	**-10**
-10	Fair value losses on financial instruments	-42
-10	**Balance at 31 March**	**-52**

23.7 Short Term Compensated Absences Account

The Short Term Compensated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account. Since the beginning of the COVID-19 pandemic, annual leave and flexi-leave increased significantly due to a surge in workload pressures. Therefore, the existing calculation needed to be reviewed and amended accordingly. This resulted in the short term absences account becoming material.

2021/2022 £'000		2022/2023 £'000
-1,419	**Balance at 1 April**	**-1,961**
-498	Annual Leave Accrual	-128
-44	Flexi Leave Accrual	-61
-1,961	**Balance at 31 March**	**-2,150**

24. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2021/2022 £'000		2022/2023 £'000
	Specific Inflows	
62	Interest received	390
-475	Interest paid	-436
370	Dividends received	393
-43		**347**

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

2021/2022 £'000		2022/2023 £'000
1,030	Depreciation	1,173
0	Impairment & downward valuations	1,886
45	Amortisation	43
5,719	Change in creditors	-3,324
-63	Change in debtors	407
1,438	Movement in pension liability	1,540
0	Carrying Amount of non-current assets sold	16
-391	Other non-cash items charged to the net surplus or deficit on the provision of services	3,348
7,778		**5,089**

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

2021/2022 £'000		2022/2023 £'000
87,000	Proceeds from short term and long term investments	53,000
-529	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-429
-4,540	Any other items which cash effects are investing or financing cash flows	-4,063
81,931		**48,508**

25. Cash Flow Statement – Investing Activities

2021/2022 £'000		2022/2023 £'000
-400	Purchase of property, plant and equipment, investment property and intangible	-2,366
-93,500	Purchase of short-term and long-term investments	-62,000
185	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
0	Proceeds from short-term and long-term investments	-615
2,723	Other Receipts from Investing activities	6,762
-90,992	**Net cash flows from investing activities**	**-58,219**

26. Cash Flow Statement – Financing Activities

2021/2022 £'000		2022/2023 £'000
13,000	Cash receipts of short and long-term borrowing	10,000
-18,533	Repayments of short and long-term borrowing	-13,533
7,495	Other payments for financing activities	-1,679
1,962	**Net cash flows from financing activities**	**-5,212**

27. Members' Allowances

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

	2021/22 £'000	2022/23 £'000
Allowances	344	350
Mileage & Subsistence	2	3
Other Expenses	0	0
Total Reimbursement	**348**	**353**

The above figures include a basic allowance for each member of £7,350.

28. Officers' Remuneration

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

Post Title	Note	Year	Salary, Fees and Allowances £'000	Compensation for loss of Office £'000	Pension Contributions £'000	Total Remuneration £'000
Current Posts						
Chief Executive	**1**	2022/2023	98	0	19	117
	1	2022/2023	38	0	0	38
		2021/2022	122	0	0	122
Borough Solicitor	**2**	2022/2023	98	56	21	175
		2021/2022	104	0	19	123
Section 151 Officer (Chief		2022/2023	86	0	17	103
Finance Officer)		2021/2022	82	0	16	98
Head of Community Services		2022/2023	78	0	15	93
		2021/2022	75	0	15	90
Head of Development Services	**5**	2022/2023	78	35	15	128
		2021/2022	74	0	15	89
Head of Corporate Services		2022/2023	78	0	15	93
		2021/2022	75	0	15	90
Director of One Legal	**3**	2022/2023	108	0	22	130
		2021/2022	7	0	1	8
Garden Town Programme Director		2022/2023	81	0	16	97
		2021/2022	79	0	16	95

Head of Democratic Services	**4**	2022/2023	81	41	74	196
		2021/2022	75	0	14	89
Total		**2022/2023**	**824**	**132**	**214**	**1,170**
		2021/2022	**693**	**0**	**111**	**804**

Notes

1. The Chief Executive left the authority on 12/06/2022. The new Chief Executive started on 13/06/2022

2. The authority made the post redundant in 2022/23 as part of a management restructure. The incurred liability of £56k is included in compensation of loss of office. The post will be deleted from 1st July 2023.

3. The Director of One Legal started on 07/03/2022.

4. The authority made the post redundant in 2022/23 as part of a management restructure. The incurred liability of £41k is included in compensation of loss of office. The post will be deleted from 1st July 2023.

5. The authority terminated the employees contract in 2022/23, incurring liabilities of £35k.

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

			Number of Employees	
Remuneration Band			**2021/2022**	**2022/2023**
			Total	**Total**
	£50,000	£54,999	5	6
	£55,000	£59,999	1	5
	£60,000	£64,999	3	2
	£65,000	£69,999	0	1
	£70,000	£74,999	2	0
	£75,000	£79,999	1	1
			12	**15**

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	
£	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023
							£'000	£'000
0 - 20,000			1		1		10	0
20,001 - 40,000				1		1	0	35
40,001 - 60,000		1				1	0	58
60,001 - 80,000							0	0
80,001 -100,000		1				1	0	99
Total cost included in bandings and in the CIES	**0**	**2**	**1**	**1**	**1**	**3**	**10**	**192**

The total cost of £192k in the table above includes redundancies of two senior employees. The costs were accrued as per 31st March 2023 and form part of short term creditors. The costs have been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

Termination Benefits

One termination package has been agreed before 31st March 2023 to be paid in 2023/24. The total cost of £35k has been charged to the authority's Comprehensive Income and Expenditure Statement in the current year and forms part of short term creditors.

29. Audit Costs

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

	2021/2022 £'000	2022/2023 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor.	63	62
Fees payable to Grant Thornton for the certification of grant claims and returns.	35	35
	98	97

30. Grant Income

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

	2021/2022 £'000	2022/2023 £'000
Credited to Taxation and Non Specific Grant Income		
S.31 Grants & Contributions (supporting the NDR regime)	-2,817	-4,063
Revenue Support Grant	-23	-24
Lower Tier Service Grant	-932	-1,308
New Homes Bonus Grant	-2,509	-1,633
Other Grants	-148	-185
Covid Support Grants - Emergency funding for LA spending Pressures	-644	0
	-7,073	-7,213
Capital Grants		
Disabled Facilities Grants	-456	-800
Ashchurch Bridge - as per Homes England	-178	-792
Other Capital Grants	0	-487
	-634	-2,079
Total	**-7,707**	**-9,292**

Grants Credited to Services

	2021/2022 £'000	2022/2023 £'000
COVID-19 Business Grants -Additional Restrictions Support Grant	-947	0
Council tax rebate grant	0	-152
Local Taxation Administration Grants	-88	-209
Planning Related Grants	-150	-360
Garden Towns	-545	-1,500
Homelessness Grants	-321	-250
Self-isolation payments funding	-119	0
Housing Benefit Administration & Associated Grants	-169	-171
Housing Benefit Grant	-11,686	-11,000
Discretionary Housing Payments Subsidy	-27	-67
England Sports Council Covid National Leisure Recovery Fund	-12	0
Police and Crime Commissioner Elections	-87	0
Gloucestershire County Council Elections	-76	0
Other Government Grants	-1,206	-993
Contributions Credited to Services		
Joint Core Strategy - Contributions from Cheltenham Borough Council and Gloucester City Council	-180	-150
Other Contributions from Other bodies	-25	-289
Contributions in relation to S.106 agreements	-1,184	-2,309
Joint Core Strategy other Contribution	-1,000	0
Total	**-17,822**	**-17,450**
Agency Grants - not credited to services		
Council tax rebate grant	0	-4,602
Restart COVID business grants	-4,254	0
Omicron COVID business grants	-966	0
Homelessness Grant	0	-293
Energy Bills Support Scheme Grant	0	-686
Other Government Grants	0	-224
	-5,220	**-5,805**
Grand Total	**-30,749**	**-32,547**

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

Current liabilities

Grant receipts in advance (revenue grants)	2021/2022 £'000	2022/2023 £'000
Council tax rebate grant	4,754	0

31. Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

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

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/2023 is shown in Note 27. Details of transactions involving Members of the Council are recorded in the Register of Members' Interest, which is open to public inspection. All contracts and payments were made in accordance with the Council's contract procedure rules.

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

Declarations made involving material financial transactions are listed below:

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

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

In addition to council tax and business rate precepts, the Council also made payments of £2.02m for both grants and services to Gloucestershire County Council. 4 Borough Council members also declared a relationship with the County Council during 2022/2023.

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 2022/2023.

		No. of Members	Payments other than precepts £'000
Parish Councils:	Bishops Cleeve	1	399
	Brockworth	4	136
	Churchdown	4	0
	Hawling	1	0
	Highnam	1	41
	Hucclecote	1	0
	Innsworth	1	0
	Northway	2	15
	Shurdington	1	0
	Sudeley	1	0
	Tewkesbury	4	9
	Wheatpieces	1	0
	Winchcombe	3	86
	Woodmancote	1	3

General Related Parties

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

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

Related Party	No. of Members	Payments 2022/2023 £'000
Brockworth Link	2	16
Churchdown Community Association	1	1
Churchdown Village Junior School	1	0
Cleeve Common Board of Conservators	2	0
Community Connexions	1	0
Cotswold AONB (Cotswold Conservation Board)	2	5
Gloucestershire Airport	1	0
Horsford Trust	6	0
Northway Youth Club	1	0
Roses Theatre	2	1
Tewkesbury Nature Reserve	1	1
Ubico Ltd	1	5,728

Chief Executive

Tewkesbury Borough Council is a shareholder of UBICO Ltd. The Chief Executive represents the Council's interests in the company, but has no personal relation with the entity. the Council made payments of £5.7M to UBICO Ltd for contract services during 2022/2023.

32. Capital Expenditure and Financing

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

	2021/2022 £'000	2022/2023 £'000
Opening Capital Financing Requirement	**55,354**	**54,472**
Capital Investment		
Property Plant & Equipment	654	2,026
Investment Asset	0	0
Intangible assets	5	0
Revenue Expenditure Funded from Capital Under Statute	621	748
	1,280	2,774
Sources of finance		
Capital receipts	-318	-162
Government grants and other contributions	-768	-1,766
Sums set aside from revenue:		
Direct Revenue Contributions	-194	-846
Minimum Revenue Provision	-882	927
	-2,162	-1,847
Closing Capital Financing Requirement	**54,472**	**55,398**
Explanation of movements in year		
Increase in underlying need to borrowing (unsupported by Government financial assistance)	-882	926
Increase/(decrease) in Capital Financing Requirement	**-882**	**926**

33. Leases

The Council as Lessee

Operating Leases

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

Land   Land for Bishops Walk Car Park

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

	2021/2022 £'000	2022/2023 £'000
Not later than one year	50	13
Later than one year and not later than five years	13	0
	63	**13**

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:

	2021/2022 £'000	2022/2023 £'000
Minimum Lease Payments	59	52
	59	**52**

The Council as lessor

The Council leases out land and buildings under operating leases for the following purposes:
- For the provision of community services such as sports facilities, recreational, cultural and holiday facilities. The primary examples are:

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

- For income generation purposes

A commercial office and Industrial Unit, Challenge House in Ashchurch near Tewkesbury
Two commercial industrial Units at Clevedon, Somerset
Rental of office space within the Council Offices
Golf Clubhouse & Car Parking
Residential Office, The Chase, Hertfordshire
Industrial Unit in Trowbridge
Industrial Units, SPL International, Ellesmere Port
Commercial Unit in Walton on the Naze

Commercial Unit in Leamington Spa
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:

	2021/2022 £'000	2022/2023 £'000
Not later than one year	3,313	3,608
Later than one year and not later than five years	11,260	8,349
Later than five years	9,336	7,996
	23,909	**19,953**

As at 31st March 2023 all break clauses have been reflected in future lease payments. 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 two investments properties. This generates income of £239k in the first year, £809k years 1-4. Unit E1 in The Chase has been vacant until September 2022 which reduced income by £64k. 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:

	2021/2022 £'000	2022/2023 £'000
Contingent Rents	22	0

34. Defined Benefit Pension Schemes

34.1 Participation in Pension Schemes

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

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

34.2 Transactions relating to Post-employment Benefits

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

a). Comprehensive Income and Expenditure Statement	**2021/2022**	**2022/2023**
	£'000	**£'000**
Cost of Services:		
- Current service cost	3,534	3,478
- Past service cost	3	0
Financing and Investment Income and Expenditure		
- Net interest expense	745	766
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	**4,282**	**4,244**
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)	-3,273	3,234
- Actuarial gains and losses arising on changes in demographic assumptions	-472	-1,754
- Actuarial gains and losses arising on changes in financial assumptions	-6,824	-36,604
- Other	183	7,854
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**-6,104**	**-27,270**

b). Movement in Reserves Statement	2021/2022	2022/2023
	£'000	£'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	-4,282	-4,244
Actual amount charged against the General Fund Balance for pensions in the year:		
- Employer's contributions payable to scheme	2,835	2,767

34.3 Pensions Assets and Liabilities Recognised in the Balance Sheet

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

	2021/2022	2022/2023
	£'000	£'000
Present value of the defined benefit obligation	98,910	72,104
Fair value of plan assets	-70,875	-69,862
Net liability arising from defined benefit obligation	**28,035**	**2,242**

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

	2021/2022	2022/2023
	£'000	£'000
Opening fair value of scheme assets at 1 April	**65,465**	**70,875**
Interest income	1,317	1,921
Remeasurement gain/(loss):		
- The return on plan assets, excluding the amount included	3,273	-3,234
- Other (if applicable)	0	-316
Contributions from employer	2,765	2,694
Contributions from employees into the scheme	451	509
Benefits paid	-2,396	-2,587
Closing fair value of scheme assets at 31 March	**70,875**	**69,862**

34.5 Reconciliation of Present Value of the Scheme Liabilities:

	2021/2022 £'000	2022/2023 £'000
Opening balance at 1 April	**102,439**	**98,910**
Current service cost	3,534	3,478
Effect of Settlements	0	0
Interest cost	2,062	2,687
Contributions from scheme participants	451	509
Remeasurement gain/(loss):	0	0
- Actuarial gains/losses arising from changes in demographic assumptions	-472	-1,754
- Actuarial gains/losses arising from changes in financial assumptions	-6,824	-36,604
- Other	183	7,538
Past Service Cost	3	0
Benefits paid	-2,466	-2,660
Closing balance at 31 March	**98,910**	**72,104**

34.6 Local Government Pension Scheme assets comprised:

	Period Ended 31 March 2022				**Period Ended 31 March 2023**			
	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
Asset category								
Equity Securities	0	0	0	**0%**	0	0	0	**0%**
Debt Securities	0	0	0	**0%**	0	0	0	**0%**
Private Equity	0	773	**773**	**1%**	0	1,330	**1,330**	**2%**
Real Estate	2,951	2,550	**5,501**	**8%**	2,450	3,438	**5,888**	**8%**
Investment Funds and Unit Trusts	4,527	59,131	**63,658**	**90%**	4,467	57,509	**61,976**	**89%**
Derivatives	0	0	0	**0%**	0	0	0	**0%**
Cash and Cash Equivalents	944	0	**944**	**1%**	669	0	**669**	**1%**
Totals	**8,422**	**62,454**	**70,876**	**100%**	**7,586**	**62,277**	**69,863**	**100%**

34.7 Basis for Estimating Assets and Liabilities

An estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The figures disclosed below have been derived by suitable approximation methods from the full actuarial valuation of the Fund carried out by Hymans Robertson LLP as at 31 March 2022. The next formal valuation will be as at 31 March 2025.

The significant assumptions used by the actuary have been:

	2021/2022	2022/2023
Indicative default assumptions		
Duration category		
Short	2.20%	3.00%
Medium	2.25%	2.95%
Long	2.25%	2.95%
Mortality assumptions:		
Longevity at 65 for current pensioners:		
• Men	21.7	21.9
• Women	24.1	24.5
Longevity at 65 for future pensioners:		
• Men	22.6	22.8
• Women	25.8	26.2
Rate of increase in salaries	3.5%	3.45%
Rate of increase in pensions	3.2%	2.95%
Rate for discounting scheme liabilities	2.7%	4.75%

34.8 Commutation

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

34.9 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.

Impact on the Defined Benefit Obligation in the scheme

Change in assumptions at year ended 31 March 2023	Approx. % increase to Employer Liability	Approx. monetary amount (£'000)
0.1% decrease in Real Discount Rate	2%	1,235
1 year increase in member life expectancy	4%	2,884
0.1% increase in the Salary Increase Rate	0%	151
0.1% increase in the Pension Increase Rate	2%	1,102

34.10 Impact on the Council's cash flows

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

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

The authority expects to pay £2.95m contributions to the scheme in 2023/24.

The weighted average duration of the defined benefit obligation for scheme members is 18 years, 2022/23 (20 years 2021/2022).

35. Contingent Assets & Liabilities

35.1 Contingent Assets

The Council have two contingent assets this financial year. Morrisons have been ordered to pay the Council prosecution and legal costs and this amounts to £359k. As Morrisons have appealed, the income cannot be recognised in the income and expenditure statement as it's not guaranteed, it's dependent upon outcome of the appeal. The second contingent asset is regarding the planning related local government ombudsman case (piffs elm ltd) which has been determined by the court of appeal. the Council have won the case and have been awarded its legal costs which amount to £70k.

35.2 Contingent Liabilities

There are no identified contingent liabilities in 2022/2023.

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

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

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

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

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

• Credit risk - The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.

• Liquidity risk - The possibility that the Council might not have the cash available to make contracted payments on time.

• Market risk -The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Overview

The Council is exposed to credit risk on the following categories of financial assets and commitments:

Exposure Category	31.3.2022 £000s	31.3.2023 £000s
Treasury investments	32,586	29,877
Trade receivables	206	382
Total Credit Risk Exposure	**32,792**	**30,259**

Further information on these categories are included in the following sections.

Credit Risk: Treasury Investments and Commitments

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:

	31.3.2022		31.3.2023	
Credit Rating	**Long-term £000s**	**Short-term £000s**	**Long-term £000s**	**Short-term £000s**
AAA	0	5,500	0	0
A	1,000	0	0	0
A-	0	0	2,000	0
Unrated local authorities	0	10,000	0	18,000
Total	**1,000**	**15,500**	**2,000**	**18,000**
Credit risk not applicable *	9,586	6,500	8,427	1,450
Total Investments	**10,586**	**22,000**	**10,427**	**19,450**

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 112% (2022: 67%) 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 31st March 2023, £0 (2022: £0) of loss allowances related to treasury investments.

At 31 March 2023 the 12 month expected loss allowance estimate for the loan portfolio is calculated to be £1,399 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 Calculation %	31st March 2022 £'000	31st March 2023 £'000
One to three months	5	48	7
Three to six months	10	35	9
Six Months to one year	15	25	202
More than one year	>20	98	164
TOTAL		**206**	**382**

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.

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 Council holds £22.7m (2022: £25.6m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.
The maturity analysis of financial liabilities is as follows, shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payments) figures.

31.03.2023 Discounted	< 1 yr £000s	1-2 yrs £000s	2-5 yrs £000s	5-10 yrs £000s	10-20 yrs £000s	20-40 yrs £000s	> 40 yrs £000s	TOTAL £000s
Borrowing	10,732	533	1,600	2,667	1,000	14,000	0	30,532
Trade payables	1,494	0	0	0	0	0	0	1,494
Financial liabilities	**12,226**	**533**	**1,600**	**2,667**	**1,000**	**14,000**	**0**	**32,026**
Liquid financial assets	22,700	2,101	135	25	0	0	0	24,961
Net liquidity risk	**-10,474**	**-1,568**	**1,465**	**2,642**	**1,000**	**14,000**	**0**	**7,065**

31.03.2022 Discounted	< 1 yr £000s	1-2 yrs £000s	2-5 yrs £000s	5-10 yrs £000s	10-20 yrs £000s	20-40 yrs £000s	> 40 yrs £000s	TOTAL £000s
Borrowing	13,719	533	1,600	2,667	1,533	14,000	0	34,052
Trade payables	877	0	0	0	0	0	0	877
Financial liabilities	**14,596**	**533**	**1,600**	**2,667**	**1,533**	**14,000**	**0**	**34,929**
Liquid financial assets	25,564	1,073	135	70	0	0	0	26,842
Net liquidity risk	**-10,968**	**-540**	**1,465**	**2,597**	**1,533**	**14,000**	**0**	**8,087**

31.03.2023	< 1 yr	1-2 yrs	2-5 yrs	5-10 yrs	10-20 yrs	20-40 yrs	> 40 yrs	TOTAL
Undiscounted	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Borrowing	11,148	942	2,784	4,499	4,345	19,155	0	42,873
Trade payables	1,494	0	0	0	0	0	0	1,494
Financial liabilities	**12,642**	**942**	**2,784**	**4,499**	**4,345**	**19,155**	**0**	**44,367**
Liquid financial assets	22,909	2,256	135	25	0	0	0	25,325
Net liquidity risk	**-10,267**	**-1,314**	**2,649**	**4,474**	**4,345**	**19,155**	**0**	**19,042**
31.03.2022	**< 1 yr**	**1-2 yrs**	**2-5 yrs**	**5-10 yrs**	**10-20 yrs**	**20-40 yrs**	**> 40 yrs**	**TOTAL**
Undiscounted	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Borrowing	14,142	950	2,806	4,534	4,898	19,488	0	46,817
Trade payables	877	0	0	0	0	0	0	877
Financial liabilities	**15,019**	**950**	**2,806**	**4,534**	**4,898**	**19,488**	**0**	**47,694**
Liquid financial assets	25,622	1,091	135	70	0	0	0	26,918
Net liquidity risk	**-10,603**	**-141**	**2,671**	**4,464**	**4,898**	**19,488**	**0**	**20,776**

Market Risks: Interest rate risk

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments.

• 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 of 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 23 would be an additional gain of £43k (Investments £125k, and borrowing -£82k)

Market Risks: Price Risk

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

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 2023 would result in a £174k (2022: £206k) 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 2023 would result in a £84k (2022: £108k) charge to Other Comprehensive Income and Expenditure.

The Council's investment in a real estate investment trust (REIT) is subject to the risk of falling residential property prices. This risk is limited by the Council's maximum exposure to REITs of £0.5m. A 5% fall in residential property prices at 31st March 2023 would result in a £27k (2022: 28k) charge to Other Comprehensive Income and Expenditure which would be reflected in the Financial Instruments Revaluation Reserve.

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

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.

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.

	2021/2022 £'000	2022/2023 £'000
Income	10	17
Expenditure	-14	-21
	-4	-4

Reserve held on behalf of the Trust is carried in our balance sheet. In 2022/2023 it was £66k (£71k in 2021/2022).

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.

2021/2022				Note	2022/2023		
£'000 Business rates	£'000 Council Tax	£'000 Total	Income		£'000 Business rates	£'000 Council Tax	£'000 Total
0	67,224	**67,224**	Council Tax Receivable	**CIES**	0	70,889	**70,889**
			Transfer from General Fund:				
0	25	**25**	Council Tax Discounts Funded from Billing Authority General Fund	**CIES**	0	0	**0**
35,742	0	**35,742**	Business Rates Receivable		37,799	0	**37,799**
0	0	**0**	from Government		0	0	**0**
			Contributions Towards Previous Year's Deficit				
5,813	0	**5,813**	Central Government Share		1,475	0	**1,475**
4,650	0	**4,650**	Tewkesbury Borough Council		1,180	0	**1,180**
1,163	0	**1,163**	Gloucestershire County Council		295	0	**295**
47,368	**67,249**	**114,617**	**Total Income**		**40,749**	**70,889**	**111,638**
			Expenditure				
			Precepts, Demands and Shares				
17,441	0	**17,441**	Central Government Share		18,294	0	**18,294**
13,952	6,822	**20,774**	Tewkesbury Borough Council		14,635	7,245	**21,880**
3,488	49,890	**53,378**	Gloucestershire County Council		3,659	51,975	**55,634**
0	9,562	**9,562**	Gloucestershire Police Authority		0	10,030	**10,030**
398	0	**398**	to Government		103	0	**103**
0	0	**0**	Contribution towards deficit		0	0	**0**
247	0	**247**	Renewable Energy Disregards		210	0	**210**
120	0	**120**	Cost of Collection Allowance		123	0	**123**
35,646	**66,274**	**101,920**			**37,024**	**69,250**	**106,274**
			Bad and Doubtful Debts:				
0	0	**0**	Write Offs		0	0	**0**
420	190	**610**	Allowance for Non Collection (Bad Debts)		-148	69	**-79**
-1,840	0	**-1,840**	Settlement against Provision		-271	0	**-271**
3,370	0	**3,370**	Change in Provision		1,641	0	**1,641**
1,950	**190**	**2,140**			**1,222**	**69**	**1,291**
0	240	**240**	**Transfer of Collection Fund Surplus**	**BS**	0	953	**953**
37,596	**66,704**	**104,300**	**Total Expenditure**		**38,246**	**70,272**	**108,518**
9,772	**545**	**10,317**	**Surplus/(Deficit)**		**2,503**	**617**	**3,120**
			Movement on Fund	**BS**			
-11,652	438	**-11,214**	Balance at 1st April		-1,880	983	**-897**
9,772	545	**10,317**	Surplus/(Deficit)		2,503	617	**3,120**
-1,880	**983**	**-897**	**Balance as at 31st March**		**623**	**1,600**	**2,223**
			Allocated to:				
-940	0	**-940**	Central Government		312	0	**312**
-752	101	**-651**	Tewkesbury Borough Council		249	168	**417**
-188	740	**552**	Gloucestershire County Council		62	1200	**1,262**
0	142	**142**	Gloucestershire Police Authority		0	232	**232**
-1,880	**983**	**-897**			**623**	**1,600**	**2,223**

NOTES TO THE COLLECTION FUND

1. General

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

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

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

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

2. Council Tax

2.1 Council Tax Property Valuations

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

The valuation banding and multipliers are as follows:

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

2.2 Council Tax Base

For 2022/2023 the tax base was 35,811.22 (35,403.02 in 2021/2022). 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 2022/2023 base was calculated as follows:

Band	Number of Chargeable Dwellings	Multiplier	Band D Equivalents
A	5,470.00	6/9	3,646.67
B	5,766.50	7/9	4,485.06

C	10,730.25	8/9	9,538.00
D	5,749.75	9/9	5,749.75
E	5,138.00	11/9	6,279.78
F	3,332.00	13/9	4,812.89
G	1,875.00	15/9	3,125.00
H	175.25	18/9	350.50
Total Band D Equivalents			37,987.65
Growth Adjustment			-1,882.65
Collection Rate			98.00%
Chargeable Band D Equivalents			35,382.90
Armed Forces class 'O' contributions in lieu of Council Tax			428.32
Council Tax Base			35,811.22

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:

	2021/2022 £'000	**2022/2023 £'000**
Gloucestershire County Council	49,891	51,975
Police Authority	9,561	10,030
Tewkesbury Borough Council	4,580	4,812
Total for Parishes	2,242	2,433
	66,274	**69,250**

The Council set an average council tax level for 2022/2023 at Band D of £1,933.75, including Parish precepts (1,871.99 in 2021/2022). This is broken down as follows:

	2021/2022 £	**2022/2023 £**
Gloucestershire County Council	1,409.22	1,451.36
Police Authority	270.08	280.08
Tewkesbury Borough Council	129.36	134.36
Average Parish	63.33	67.95
	1,871.99	**1,933.75**

The Band D tax level for Parish budgets ranged from nil to £142.13

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 £93,818,673 at 31 March 2023 (£93,111,271 at 31 March 2022), 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 2022/2023 this was set at 49.9p (2021/2022 49.9p), with the standard rate in the pound being 51.2p (2021/2022 51.2p) for the year.

DRAFT

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Tewkesbury Borough Council (the 'Authority') for the year ended 31 March 2023, 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 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 2022/23.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Executive Director of Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Executive Director of Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

In auditing the financial statements, we have concluded that the Executive Director of Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Resources with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Executive Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office in April 2020 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 '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 matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Executive Director of Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Resources. The Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive Director of Resources is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 1972, and the Local Government Act 2003).

In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to [include relevant details for your audit, e.g. health and safety, employee matters, and data protection].

We enquired of management and the Audit and Governance Committee concerning the Authority’s policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of management, internal audit, and the Audit and Governance Committee whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority’s financial statements to material misstatement, including how fraud might occur, by evaluating management’s incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls, and of fraudulent recognition of revenue and expenditure. We determined that the principal risks were in relation to journal entries outside of the normal course of business and significant management estimates, in particular those relating to land and buildings valuations (including valuations of investment property) and the valuation of the net pension fund liability. Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on unusual and high-risk journals made at the year-end accounts production stage;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment properties, and defined benefit pensions liability valuations; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including [add details of risks]. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's.

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority’s operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

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

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

On 24 March 2022 we identified one significant weakness in the Authority's governance arrangements. During 2020-21 the Council's internal audit function was redeployed to their coronavirus business cell to support the payment of covid-19 grants to businesses and individuals. As a result of this, no internal audit work was undertaken during 2020-21 and the Head of Internal Audit subsequently provided a limitation of scope opinion on the adequacy of the Council's governance, risk management and control environment. We recommended that the Council support its Head of Internal Audit to plan to obtain sufficient assurance to support the annual Head of Internal Audit opinion for 2021/22, taking into account both internal audit work and other sources of assurance and being clearly risk based. We also recommended that the Head of Internal Audit, the leadership team and the audit committee should review and discuss internal audit capacity where there are concerns and develop an action plan to mitigate the risk.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet completed for 2021/22 or 2022/23 and so we are unable to conclude whether the significant weakness reported on 24 March 2022 has been addressed. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report which will be a combined report for both 2021/22 and 2022/23. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2023.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Tewkesbury Borough Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2023.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2023.

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 44 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.

[TO BE SIGNED]
Julie Masci, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
Bristol
xx September 2023

GLOSSARY OF FINANCIAL TERMS

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.

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

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

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

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

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

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

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

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

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

Financial Year
The financial year runs from 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

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

Housing Subsidy
Subsidies payable by Central Government to reduce housing costs.

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

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

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

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

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

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

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

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

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

Net interest on the net defined benefit liability
The change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Non-Domestic Rates (NDR)
Local tax for businesses based on value of business properties.

Past Service Cost

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

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

Prior Period Adjustments
Prior period adjustments are required when an error is material.
Prospective Application
Applying a change to transactions, other events and conditions from the date of change of estimate.

Provision
A liability of uncertain timing or amount.

P.W.L.B.
Public Works Loan Board

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

Reserve
Where money is available for a specific purpose but no commitment has been made on or before the 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.

The Return on Plan Assets
excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Revenue Support Grant (RSG)
A grant paid by Central Government, to local authorities, in aid of revenue. This is not paid for specific services.

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

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

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

Specific Grants

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

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

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

Vested Employee Benefits
Employee benefits that are not conditional on future employment.