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MEETING:	Audit and Governance Committee
DATE:	Wednesday 16 November 2022
TIME:	2.00 pm
VENUE:	Council Chamber, Barnsley Town Hall

SUPPLEMENTARY AGENDA

5. Audited Statement of Accounts 2021/22 (*Pages 3 - 154*)
6. External Audit Finding Report 2021/22 (ISA 260) (*Pages 155 - 208*)

To: Chair and Members of Audit and Governance Committee:-

Councillors Lofts (Chair), Barnard, Hunt and Richardson; together with Independent members Ms K Armitage, Mr G Bandy, Mr S Gill, Mr P Johnson and Mr M Marks

Sarah Norman, Chief Executive
All Executive Directors
Shokat Lal, Executive Director Core Services
Neil Copley, Service Director Financial Services (Section 151 Officer)
Rob Winter, Head of Internal Audit, Anti-Fraud and Assurance
Alison Salt, Corporate Governance and Assurance Manager
Sukdave Ghuman, Service Director Law and Governance (Monitoring Officer)
Michael Potter, Service Director Business Improvement, HR and Communications

Council Governance Unit – 3 copies

Please contact Daisy Thorpe on email governance@barnsley.gov.uk

9 November 2022

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Item 5

BARNSELEY METROPOLITAN BOROUGH COUNCIL

REPORT OF: SERVICE DIRECTOR FINANCE (S151 OFFICER)

TITLE: AUDITED 2021/22 STATEMENT OF ACCOUNTS

REPORT TO:	Audit & Governance Committee
Date of Meeting	16th November 2022
Cabinet Member Portfolio	Councillor Alan Gardiner
Key Decision	YES
Public or Private	Public

Purpose of report

This report presents the Council's revised 2021/22 Statement of Accounts, following the statutory audit period.

Recommendations

It is recommended that:

- **The Audit & Governance Committee notes the revised 2021/22 Statement of Accounts following the statutory audit period;**
- **The Audit & Governance Committee notes the Council's Letter of Representation;**
- **The Audit & Governance Committee formally recommends approval of the audited statement of accounts & Letter of Representation to Full Council at the meeting on the 24th November 2022.**

1. INTRODUCTION

- 1.1 In typical years, the Council has followed The Accounts and Audit Regulations 2015 which sets out the requirements for the production and publication of its financial statements. The main requirement was that the Council should lodge a Code of Practice on Local Authority Accounting (the Code) compliant set of accounts with the External Auditor by no later than 31st May.
- 1.2 During the last 2 years, a review has been undertaken by Sir Tony Redmond on the oversight of local audit and the transparency of local authority financial reporting, named The Redmond Review. One of the areas of focus of the review related to the timescales that both local authorities and external auditors have to comply with as a result of a significant proportion of the audits not meeting the existing statutory deadlines.
- 1.3 As a result, a recommendation from the review was that for two years (covering the

period 2020/21 and 2021/22), the statutory deadline for the external auditor's final opinion would be extended from 31st July to 30th September, after which time, the Government would assess the impact. Since this review, in December 2021, further proposed measures were announced by Government to support the timely completion of local government audits and the ongoing stability of the local audit market. The proposals include extending the published/audited deadline to 30 November 2022 for the 2021/22 accounts, then reverting to 30 September for five years until 2027/28.

- 1.4 The Council met its statutory obligation of lodging its draft statement of accounts with the External Auditor by the end of July 2022.
- 1.5 Members of the Committee will be aware that the External Auditors for 2021/22 are Grant Thornton.

2. CURRENT POSITION

- 2.1 The Council's Auditors, Grant Thornton, commenced their audit work in early August and to date, have practically completed all work on the audit of the Council's 2021/22 financial statements. There remains a relatively low-level number of queries outstanding, none of which are expected to impact on the Auditor's opinion on the accounts.
- 2.2 However, Members should note that there is a national issue affecting all local authorities that hold infrastructure assets [roads, footpaths, bridges etc.] in respect of the valuation and presentation of those assets. The Council is awaiting clarity from the Government in terms of an expected statutory override in respect of the treatment of these assets which would allow a departure away from the Code of Practice requirements for 2021/22.
- 2.3 Effectively, these accounts will remain draft until the above issue is resolved. Members will be updated accordingly in due course upon resolution.
- 2.4 The ISA 260, which is the formal report from the Auditors to 'those charged with governance', is presented to Members of the Committee on this agenda for comment. Please note, this covering report is not intended to take Members through the ISA 260 Report.
- 2.5 Following practical completion of the audit, a number of minor amendments are proposed to be made to the draft accounts presented in July, following discussion with the External Auditors.
- 2.6 The proposed changes relate to a number of presentational adjustments made to the accounts, again, as outlined within the External Auditor's report.
- 2.7 The revised set of accounts, complete with tracked changes from the draft set of accounts is attached at Appendix 1 and has been updated to reflect these changes.
- 2.8 Also, at Appendix 2, is the Council's Letter of Representation to the Auditors for Members' information.

3. PROPOSAL

- 3.1 That following receipt of the Auditor ISA 260 Report, the Service Director Finance (the Council's S151 Officer) submits the revised, audited 2021/22 Statement of Accounts to the Full Council meeting of the 24th November 2022 for consideration and comment.

4. IMPLICATIONS OF THE DECISION

Financial Implications

- 4.1 The Authority's revised statutory financial statements for the financial year 2021/22 are attached at Appendix 1 to this report with 'tracked changes' to allow Members sight of the amendments being made as part of the audit process, since the draft accounts which were considered by Members in July.
- 4.2 **Risks** - There are no issues arising directly from this report.
- 4.3 **Legal** - There are no issues arising directly from this report.
- 4.4 **Equality** - There are no issues arising directly from this report.
- 4.5 **Sustainability** - There are no issues arising directly from this report.
- 4.6 **Employee** - There are no issues arising directly from this report.
- 4.7 **Communications** - There are no issues arising directly from this report.

5. CONSULTATION

- 5.1 The Statement of Accounts has been prepared in conjunction with all Executive Directors and Financial Services support staff. The audit process has been overseen by the Council's S151 Officer and the Audit Lead from Grant Thornton. External Audit has a statutory obligation to issue their opinion on the Council's accounts by no later than 30th November 2022.

6. ALTERNATIVE OPTIONS CONSIDERED

- 6.1 There are no alternative options to be considered

7. REASONS FOR RECOMMENDATIONS

- 7.1 This report and appendices are required to be approved to the Council's Full Council on the 24th November 2022.

8. GLOSSARY

CIPFA - Chartered Institute of Public Finance and Accountancy

9. LIST OF APPENDICES

- 9.1 Appendix 1 – Statement of Accounts 2021/22 – Tracked Changes
- 9.2 Appendix 2 – Letter of Representation 2021/22

10. BACKGROUND PAPERS

- 10.1 Various closedown files, working papers and external audit schedules are available for inspection within the Finance Business Unit.

11. REPORT SIGN OFF

Financial consultation & sign off	Neil Copley 8 th November 2022
Legal consultation & sign off	

Report Author: Neil Copley
Post: Service Director – Finance (S151 Officer)
Date: 8th November 2022

BARNSLEY MBC

STATEMENT OF ACCOUNTS

2021 / 22



STATEMENT OF ACCOUNTS 2021/22

CONTENTS

Section 1 – Independent Auditors’ Report to the Members of Barnsley Metropolitan Borough Council

- [Independent Auditors’ Report to the Members of Barnsley Metropolitan Borough Council](#)

Section 2 – Barnsley MBC 2021/22 Narrative Report

- [The Council's Narrative Report](#)

Section 3 – Statement of Responsibilities

- [Statement of Responsibilities for the Statement of Accounts](#)

Section 4 – Core Financial Statements

- [Movement in Reserves Statement](#)
- [Comprehensive Income and Expenditure Statement](#)
- [Balance Sheet as at 31st March 2022](#)
- [Cash Flow Statement](#)

Section 5 - Notes to the Core Financial Statements

- [The Expenditure and Funding Analysis](#)
- [Notes Primarily Relating To The Expenditure and Funding Analysis](#)
- [Notes Primarily Relating To The Movement in Reserves Statement](#)
- [Notes Primarily Relating To The Comprehensive Income and Expenditure Statement](#)
- [Notes Primarily Relating To The Balance Sheet](#)
- [Notes Primarily Relating To The Cash Flow Statement](#)
- [Notes Relating To Other Disclosures](#)

Section 6 – Accompanying Financial Statements

- [Housing Revenue Account](#)
- [Notes to the Housing Revenue Account](#)
- [Collection Fund](#)
- [Notes to the Collection Fund](#)

Section 7 – Group Accounts

- [Core Group Financial Statements](#)
- [Notes to the Group Accounts](#)

Technical Annex A – The Council’s Accounting Policies

Technical Annex B – Critical Judgements & Assumptions / Estimations Made Within The Accounts

Technical Annex C – Accounting Standards Referenced By the Code of Practice

Technical Annex D – Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

Technical Annex E – Statutory Sources

SECTION 1

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Barnsley Metropolitan Borough Council

2021/22 Narrative Report

Introduction and Contents

This narrative report aims to provide information about the Council and the context on the environment it operates in. It also details the Council's long-term objectives and outcomes up to Barnsley 2030, and outlines the Council's corporate performance for the 2021/22 financial year against these objectives. This report also summarises the key messages within the financial statements for the reader of these accounts.

The report will cover:

Introduction & Contents

Introducing Barnsley:

[Where is Barnsley?](#)

[What is Barnsley's Profile?](#)

[Interactive Maps of the Borough](#)

Introducing Barnsley Metropolitan Borough Council:

[Who Are We?](#)

[Our Council Plan](#)

[Our Key Strategies](#)

[Our Vision & Priorities](#)

[Our Corporate Outcomes](#)

[Key Performance Against Priorities](#)

[Our Values](#)

Our 2021/22 Financial Performance:

[What The Council Spent in 2021/22 - Day to Day \(Revenue\)](#)

[What The Council Spent in 2021/22 \(Capital\)](#)

[2021/22 Treasury Management Overview](#)

[Summary of the Council's Balance Sheet](#)

[Summary of the Council's Pension Fund Position as at 31st March 2022](#)

[Key Projects](#)

[The Council's Approach to Risk Management](#)

[Future Spending Plans & Assessment of the Future Economic Climate](#)

[The Impact of the Coronavirus \(COVID-19\) Pandemic](#)

Our 2021/22 Statement of Accounts:

[The Form of the Statement of Accounts](#)

[Change of Accounting Policies in 2021/22](#)

[Post Balance Sheet Events](#)

Introducing Barnsley

Where is Barnsley?

Barnsley is a large town in **South Yorkshire**, located approximately halfway between Leeds and Sheffield. The **town centre** lies on the west bank of the Dearne Valley.

Barnsley is surrounded by several smaller settlements which together form the **Metropolitan Borough of Barnsley**. The **borough** is dissected by the M1 motorway.



Barnsley shown within South Yorkshire

OS grid reference	SE3406
• London	175 mi (281 km) SSE
Metropolitan borough	Barnsley
Metropolitan county	South Yorkshire
Region	Yorkshire and the Humber
Country	England
Sovereign state	United Kingdom
Post town	BARNSELY
Postcode district	S70-S75
Dialling code	01226
Police	South Yorkshire
Fire	South Yorkshire
Ambulance	Yorkshire
UK Parliament	Barnsley Central

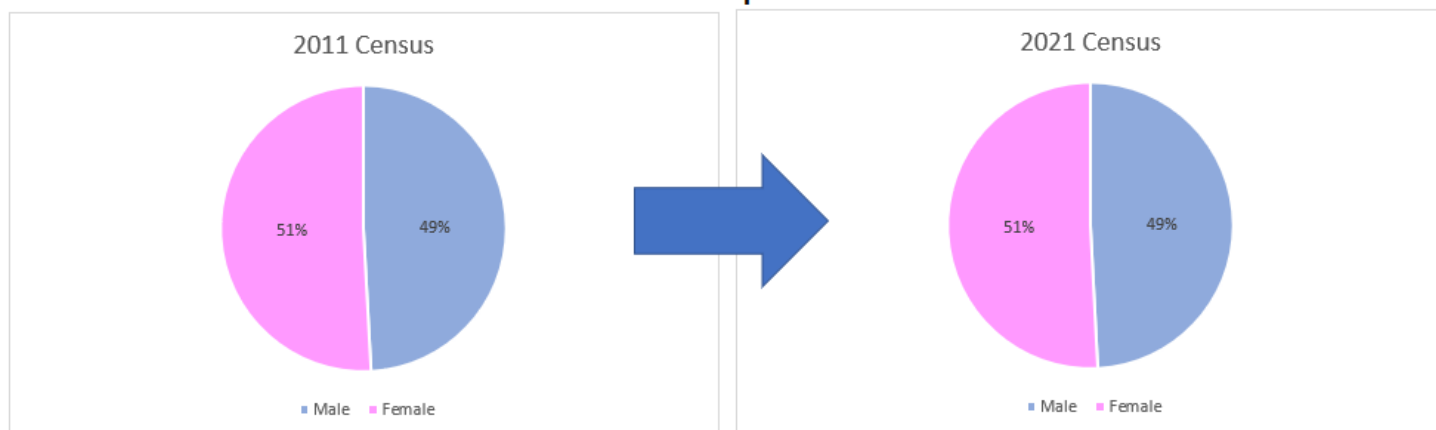
What is Barnsley's Profile?

The National Census for England and Wales has been recently conducted [in March 2021] and has started to be published by the Office of National Statistics in June 2022, with the initial population / demographic data released. The information below provides an initial analysis of the changes for the Borough on this initial data release, comparing to the 2011 Census.

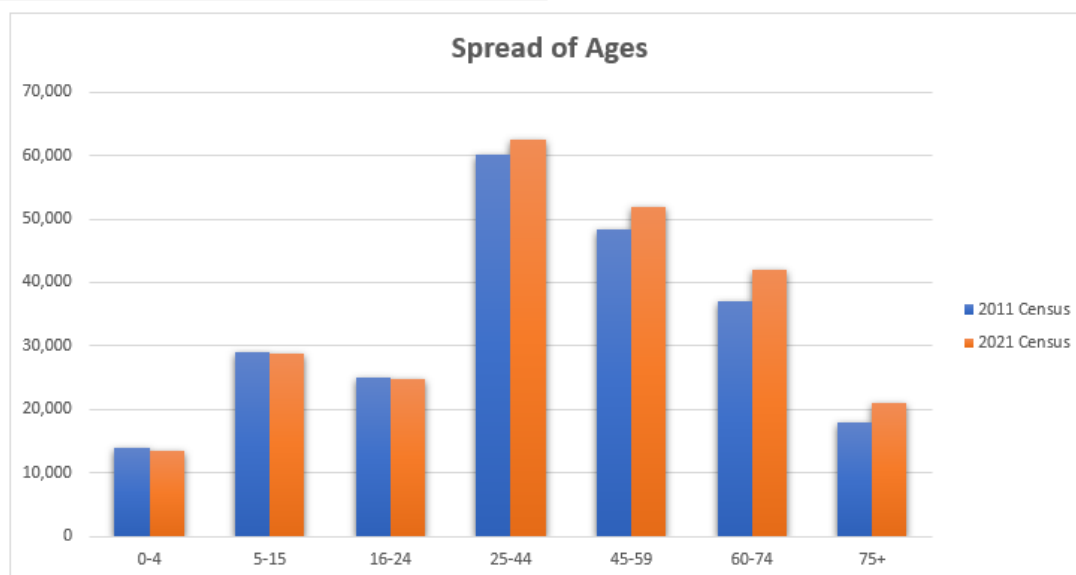
STATEMENT OF ACCOUNTS 2021/22

Barnsley MBC					Yorks & Humber	England
Measure	2011 Census	2021 Census	Change	% Change	% Change	% Change
Total Population	231,221	244,600	+13,379	+5.8%	+3.7%	+6.6%
<u>Gender:</u>						
Male	113,634	120,300	+6,666	+5.9%	+3.5%	+6.1%
Female	117,587	124,300	+6,713	+5.7%	+4.0%	+7.0%
<u>Age:</u>						
0-4	13,957	13,500	-457	-3.3%	-9.1%	-7.3%
5-15	28,929	28,800	-129	-0.4%	-1.6%	+0.9%
16-24	24,934	24,700	-234	-0.9%	+0.8%	+5.5%
25-44	60,171	62,400	+2,229	+3.7%	+0.2%	+3.1%
45-59	48,377	52,000	+3,623	+7.5%	+6.0%	+10.1%
60-74	36,923	42,100	+5,177	+14.0%	+13.1%	+14.2%
75+	17,930	21,100	+3,170	+17.7%	+15.8%	+17.7%

Gender Split



Spread of Ages



The second and third phases, that relate to more detailed data is expected in early 2023.

STATEMENT OF ACCOUNTS 2021/22

Interactive Maps of the Borough



These interactive maps give key information about both the Borough in general and more specifically about the Council's functions. The interactive maps that can be viewed from the link below include:

<div>Administration</div> <div><div>Area Councils</div><div>Safer Neighbourhood Teams</div><div>Parishes</div><div>Polling Districts</div><div>Wards</div></div> <div>Education</div> <div><div>Advanced Learning Centres</div><div>Nursery</div><div>Pre School</div><div>Primary Schools</div><div>Secondary Schools</div><div>Special Schools</div></div> <div>Childcare</div> <div><div>Breakfast Clubs</div><div>Childrens Centre</div><div>Out of School Clubs</div></div> <div>Services</div> <div><div>Customer Service Centres</div><div>Bring It Recycling</div><div>Household Waste Recycling</div></div> <div>Transport</div> <div><div>Bus Stops</div><div>Car Parks</div><div>Train Stations</div><div>Variable Message Signs</div></div> <div>Healthcare</div> <div><div>Dentist</div><div>GP Surgery</div><div>Hospital</div><div>Opticians</div><div>Pharmacy</div></div>	<div>Leisure</div> <div><div>Leisure Centre</div><div>Library</div></div> <div>Winter Maintenance</div> <div><div>Primary Gritting Route</div><div>Grit Bins</div></div> <div>English Heritage</div> <div><div>Listed Buildings</div><div>Historic Parks & Gardens</div></div> <div>Residential</div> <div><div>Area to Remain Free From Development Due To Impact On Historic Environment</div><div>Housing Allocation</div><div>Site for Travellers</div></div> <div>Commercial / Retail</div> <div><div>District or Local Centre</div><div>Primary Shopping Area</div><div>Primary Shopping Frontage</div><div>Retail Park</div><div>Secondary Shopping Frontage</div></div> <div>Employment</div> <div><div>Employment Allocation</div><div>Land Reserved for Employment</div><div>Land Proposed for Mixed Use</div><div>Proposed School Site</div></div>	<div>Resources</div> <div><div>Area of Search for New Minerals</div><div>Site Safeguarded for Mineral Extraction</div><div>Site with Planning Permission for Mineral Extraction</div></div> <div>Town Centre</div> <div><div>Town Centre: Landmark Building</div><div>Town Centre: Gateway</div><div>Town Centre: The Green Sprint</div><div>Town Centre: Junction Improvement</div><div>Town Centre: Primary Shopping Area</div><div>Town Centre: Shopping Frontages</div><div>Town Centre: Proposed Cycle Route</div><div>Town Centre: Development Site</div><div>Town Centre: Priority Site Public Space Improvement</div><div>Town Centre: Other Public Space Improvement</div><div>Town Centre: Gateway Site for Public Open Space Improvement</div></div> <div>Water</div> <div><div>Canal - Historic Route</div><div>Canal - Safeguarded Route</div><div>Functional Floodplain (Floodzone 3b)</div></div> <div>Area of Search (Wind Turbines)</div> <div><div>Industrial / Business Parks</div><div>Moorland Fringes / Upland Pastures</div><div>Rolling Wooded Farmland</div><div>Settled Arable Slopes</div></div>	<div>Green Belt, Greenspace & Conservation</div> <div><div>Greenspace</div><div>Allotment</div><div>Biodiversity or Geological Interest Site</div><div>Conservation Area</div><div>Green Belt</div><div>Green Way</div><div>Nature Improvement Area</div><div>Park and Garden of Historic Interest</div><div>Scheduled Ancient Monument</div><div>Peak District National Park</div><div>School Grounds</div><div>Safeguarded Strategic Waste Management Site</div><div>Settlement</div><div>Town Centre</div><div>Urban Fabric</div><div>Approved Planning Applications</div><div>Undetermined Planning Applications</div><div>Refused Planning Applications</div><div>Planning Applications (All)</div><div>Planning Constraints</div><div>Public Rights of Way</div><div><div>Bridleway</div><div>Footpath</div><div>Restricted byway</div></div></div>
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The link to all the above maps can be found here:

<https://www.barnsley.gov.uk/barnsley-maps/>

Introducing Barnsley Metropolitan Borough Council

Who Are We?

Barnsley Metropolitan Borough Council, created on **1 April 1974**, is the local authority of the Metropolitan Borough of Barnsley in **South Yorkshire**, England. It is a **Metropolitan District Council**, one of four in South Yorkshire and one of 36 in the metropolitan counties of England and provides the majority of **local government services** in Barnsley. Further information on the Council's **Constitution** can be found on the Council's website and via the link below:

[Council's Constitution](#)

Local Councillors (The Council)

Local Councillors are elected by the community to decide how the **Council** should carry out its various activities. They represent **public interest** as well as individuals living within the ward in which he or she has been **elected** to serve a term of office.


They have regular contact with the **general public** through council meetings, telephone calls or surgeries. **Surgeries** provide an opportunity for any ward resident to go and talk to their **Councillor** face to face and these take place on a regular basis.

A list of current **Councillors** can be found on the Council's website and via the link below:

[Councillors](#)


Barnsley Metropolitan Borough Council

Third of council elected three years out of four



Type

Type	Metropolitan district
History	
Founded	1 April 1974
Structure	
Seats	63 councillors
Meeting place	



The Cabinet

The Cabinet is composed of the **Leader** and seven other **Councillors**, who are all members of the **biggest political group** of the Council. It has overall responsibility for the services that the Council provides and works within the **agreed policies** and **approved budget** of the Council.

Recommendations on major items of **policy** and on the **annual budget** and **capital**

programme are passed to the Council for consideration and **approval**.

Details of **Council, Cabinet** and **other committees**, including decisions / reports can be found on the Council's website and via the link below:

[Committee Details](#)

Council Structure & Senior Management Team

During 2021/22, the Council was structured into four main service directorates:

Adults & Communities, Place, Children's Services & Public Health which are supported by a central suite of **Core Services** including:

- > Business Improvement, HR & Communications;
- > Governance & Business Support;
- > Financial Services;
- > Legal Services; and
- > Customer, Information & Digital Services.

It should be noted that a whole Council and Cabinet restructure was undertaken towards the end of the financial year to reflect the Council's new responsibilities, specifically the new joint role in respect of the South Yorkshire Integrated Care Board (SYICB) with the subsequent realignment of Cabinet portfolios to reflect these changes, with formal implementation on 1st June 2022.

Our Council Plan

Our Council Plan for 2021 to 2024 sets out what we aim to achieve over three years. Our plan gives us a clear direction to recover from the COVID-19 pandemic and build our borough back better and more resilient. It focuses on how we collectively deliver our services across the Council to best support residents, communities, partners and business. It explains what we want to do, how we plan to do it, and how we'll measure whether we're on track to achieve it.

OUR COUNCIL PLAN

<https://www.barnsley.gov.uk/services/our-council/council-plan/our-council-plan/>

Our Key Strategies

To help us deliver the priorities in the Council plan, we have a number of key strategies that set out the detail of the work we need to do.

OUR KEY STRATEGIES

<https://www.barnsley.gov.uk/services/our-council/our-strategies/key-strategies/>

Our Vision & Priorities

Our Be Even Better Strategy will provide the focus for all our staff to work together as our ambition to be even better never stops. Now it's time to look forward and move into a new phase of our organisation's improvement journey where we strive to be even better. We have already set out our new priorities based upon the engagement with our communities, residents, businesses and employees from the Barnsley 2030 project and they are:

Barnsley - the place of possibilities

**Healthy
Barnsley**

**Learning
Barnsley**

**Growing
Barnsley**

**Sustainable
Barnsley**

**Enabling
Barnsley**

We are a modern, inclusive, efficient, productive and high-performing council

Our Corporate Outcomes

STATEMENT OF ACCOUNTS 2021/22

Across these new priorities, we have set out the outcomes that describe our intentions for the next three years, to ensure that we focus on Barnsley as a place of possibilities.

Healthy Barnsley	Learning Barnsley	Growing Barnsley	Sustainable Barnsley
People are safe and feel safe.	People have the opportunities for lifelong learning and developing new skills including access to apprenticeships.	Business start ups and existing local businesses are supported to grow and attract new investment, providing opportunities for all.	People live in great places, are recycling more and wasting less, feel connected and valued in their community.
People live independently with good physical and mental health for as long as possible.	Children and young people achieve the best outcomes through improved educational achievement and attainment.	People have a welcoming, safe and enjoyable town centre and principal towns as destinations for work, shopping, leisure and culture.	Our heritage and green spaces are promoted for all people to enjoy.
We have reduced inequalities in health and income across the borough.	People have access to early help and support.	People are supported to have safe, warm, sustainable homes.	Fossil fuels are being replaced by affordable and sustainable energy and people are able to enjoy more cycling and walking.

STATEMENT OF ACCOUNTS 2021/22

Key Performance Against Priorities

Over the course of the last 4 years, we have seen great progress towards achieving those priorities, and the tables below show the progress against each of the 12 outcomes over each financial year.



Outcome	Red	Green	Total
1. People are safe and feel safe		4	4
2. People live independently with good physical and mental health for as long as possible	3	1	4
3. We have reduced inequalities in health and income across the borough		4	4
4. People have the opportunities for lifelong learning and developing new skills including access to apprenticeships		3	3
5. Children & young people achieve the best outcomes through improved educational achievement & attainment	2	6	8
6. People have access to Early help and support	1		1
7. Business Start ups & existing local businesses are supported to grow and attract new investment providing opportunities for all	2	4	6
8. People have a welcoming safe and enjoyable town centre and principal towns as a destination for work, shopping, leisure and culture		4	4
9. People are supported to have safe warm and welcoming homes	3	1	4
10. People live in great places, are recycling more and wasting less, feel connected and valued in their community	1	2	3
11. Our Heritage and green spaces are promoted for all people to enjoy		1	1
12. Fossil fuels are being replaced by affordable and sustainable energy & people are able to enjoy more cycling and walking		1	1
13. Enabling Barnsley	6	7	13
Total	18	38	56

STATEMENT OF ACCOUNTS 2021/22

Individual quarterly performance reports for 2021/22 can be accessed via the links below:

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
1	22 nd September 2021	Cab.22.9.2021/15	Quarter 1 Cabinet
2	1 st December 2021	Cab.1.12.2021/8	Quarter 2 Cabinet
3	9 th March 2022	Cab.9.3.2022/7	Quarter 3 Cabinet
4	1 st June 2022	Cab.1.6.2022/9	Quarter 4 Cabinet

Our Values

The above outcomes were delivered in line with the Council's core values - the 'way we do things around here'.



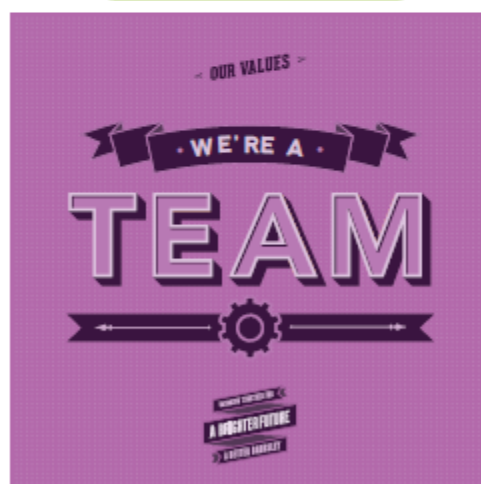
We're Proud
We're dedicated to making Barnsley a better place. We take pride in our work



We're Honest
We always say what we mean. Most of all we're reliable, fair and true



We'll be Excellent
We work really hard to provide the best quality and value for money for the people of Barnsley. Only our best is good enough



We're a Team
We all work together towards the same goal – to make Barnsley a better place for the people who live, work and visit here

STATEMENT OF ACCOUNTS 2021/22

Our 2021/22 Financial Performance

What The Council Spent in 2021/22 – Day to Day (Revenue)

General Fund Executive Overview:

In March 2020, the COVID-19 pandemic took hold across the world which affected every part of our lives. Since this time, across 3 financial years [2019/20, 2020/21 and 2021/22], the Council has incurred significant costs in first addressing the direct impact of the pandemic and also in supporting the Borough and its residents through the recovery from the pandemic.

The Council's approved budget for 2021/22 totalled **£186.6M**. During the year, the Council drew down earmarked reserves of **£44.0M** relating to prior year commitments, increasing the final year end budget to **£230.6M** (see below). Against this, the Council spent **£170.9M**, resulting in an underspend against resources of **£59.7M**. Of this, a further **£54.8M** was earmarked for slippage of schemes and specific expenditure commitments which required the earmarking of those resources, leaving an **operational underspend of £4.9M**.

This position includes in excess of **£26M** (£24M expenditure & £2M loss of income) directly relating to the Council's response to COVID-19. It should be noted that had it not been for additional funding from Government to help with this response effort, the overall net operational position would have been significantly worse and may have resulted in a call on emergency reserves. However, this was not the case and an overall net underspend of **£4.9M** has been realised, which relates to business as usual [non COVID] underspends. It is proposed to hold the **£4.9M** for mitigation of expected 2022/23 and 2023/24 MTFS pressures.

The table below provides a breakdown of the total costs during 2021/22 by key service (directorate) areas, as reported to the Council's Cabinet.

<u>Management Accounts</u>	Final Position			Variance Split Between:			
	Year End Budget	Actual Spend *	Variance	COVID Costs	COVID Lost Income	COVID Grant	Business As Usual
	£M	£M	£M	£M	£M	£M	£M
Children's Services	42.9	47.0	4.1	0.3	-	-	3.8
Place	45.6	50.8	5.2	4.8	1.7	-	(1.3)
Adults & Communities	64.4	76.4	12.0	15.7	-	-	(3.7)
Public Health	4.3	6.4	2.1	3.0	-	-	(0.9)
Core Services	(4.2)	(5.0)	(0.8)	0.1	0.2	-	(1.1)
Total Services	153.0	175.6	22.6	23.9	1.9	-	(3.2)
Corporate Budgets / General Items	33.6	32.1	(1.5)	0.2	-	-	(1.7)
Total Pre-COVID Funding	186.6	207.7	21.1	24.1	1.9	-	(4.9)
COVID-19 Funding	-	(26.0)	(26.0)	-	-	(26.0)	-
Total	186.6	181.7	(4.9)	24.1	1.9	(26.0)	(4.9)

* Includes the impact of earmarked reserves [see table below].

The management accounts for 2021/22 presented to Cabinet, outlines the overall position in line with quarterly reports. In line with accounting requirements, the earmarkings are not presented within the accounts in this manner. The table below provides a reconciliation:

	£M
Actual Spend	170.9
Use of Earmarkings	(44.0)
21/22 Earmarkings	54.8
Total Reported to Cabinet	181.7

STATEMENT OF ACCOUNTS 2021/22

The Council has also acted as agent on behalf of Central Government and Sheffield City Region to provide over **£14M** in financial support to the business community affected by the pandemic. These costs [and associated Government funding] are not included in the above.

2021/22 Approved Budget

The Council set a net revenue expenditure budget of **£186.6M** for 2021/22 which was funded from grants from Central Government including Revenue Support Grant (RSG) and Business Rate Top-Up Grant, the locally retained element of the business rates retention scheme, Section 31 Grants and income from Council Tax payers, Adult Social Care and Public Health Grant. In addition, some **£44.0M** of specific earmarked revenue reserves were carried forward from 2020/21, increasing the overall 2021/22 in year net budget to **£230.6M**.

The table below analyses the **proportion** of income received by the Council from these sources during the year. The level of RSG is determined by Central Government whereas income from Business Rates and Council Tax is determined locally.

2021/22 Revenue Budget – Corporate Funding:	£M	%
Revenue Support Grant	13.0	5.6%
Business Rates Retained Share including Collection Fund Surplus	22.4	9.7%
Business Rates Top Up	32.7	14.2%
Council Tax including Collection Fund Surplus	106.7	46.3%
Section 31 Grants	3.7	1.6%
Adult Social Care Grant	7.8	3.4%
Public Health Grant	0.3	0.1%
Earmarked Reserves	44.0	19.1%
Total Net Revenue Expenditure Budget	230.6	100.0%

Housing Revenue Account (HRA) Executive Overview:

The Council's overall Housing Revenue Account position, which relates specifically to the costs of providing Council houses within the Borough was an underspend of **£0.6M**.

Cabinet have approved specific service earmarkings totalling **£0.5M**, with the remainder (**£0.1M**) being held pending the review of the Council's 30 Year HRA Business Plan.

Management Accounts	Year End Budget	Actual	Over / (Under) Spend
	£M	£M	£M
Income			
Dwellings Rent	(70.7)	(71.1)	(0.4)
Non Dwellings Rent	(2.5)	(2.4)	0.1
Total Income	(73.2)	(73.5)	(0.3)
Expenditure			
Repairs & Maintenance	19.3	21.6	2.3
Supervision & Management	19.9	18.7	(1.2)
Bad Debt	2.3	0.8	(1.5)
Interest Payable	11.3	10.2	(1.1)
Contribution to Capital Funding	20.3	20.3	0.0
Use of Capital Reserves	2.5	2.5	0.0
Other Expenditure	0.5	1.7	1.2
Total Expenditure	76.1	75.8	(0.3)
Total Net Position Before Earmarkings	2.9	2.3	(0.6)
Earmarkings			0.5
Year End Position			(0.1)

Individual quarterly monitoring reports for 2021/22 can be accessed via the links below:

STATEMENT OF ACCOUNTS 2021/22

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
1	22 nd September 2021	Cab.22.9.2021/16	Quarter 1 Cabinet
2	1 st December 2021	Cab.1.12.2021/9	Quarter 2 Cabinet
3	9 th March 2022	Cab.9.3.2022/8	Quarter 3 Cabinet
4	1 st June 2022	Cab.1.6.2022/10	Quarter 4 Cabinet

The Council's Reserves Position

Executive Summary

Where the Council generates a surplus against its budget, the cumulative amount is held within reserves until required in the future. The Council's total reserves at the end of 2021/22 totalled **£246.0M** split between general reserves of **£217.1M** and housing reserves of **£28.9M**. These reserves are earmarked for specific, one off projects/initiatives. A detailed breakdown can be found in [Note 4](#) to the accounts.

General Fund Reserves

The level of general fund reserves increased from **£195.3M** at the start of 2021/22 to **£217.1M** at the end of the financial year, a net increase of **£21.8M** which is outlined in the table below:

General Fund:	£M
Reserves at 1st April 2021	195.3
Reserves Used in 2021/22	(44.1)
Reserves Earmarked into Future Years	54.8
Statutory Transfer of in Year SEND Deficit	6.2
Falls into Strategic Reserves	4.9
Total Movement	21.8
Reserves at 31st March 2022	217.1

The main reason for this is a known earmarking of resources (**£61.0M**) to fund current and future spend commitments in addition to slippage to schemes and programmes relating to delivery of some of the Council's key one-off investments during 2021/22 and therefore, those reserves are committed, but unspent at the end of the financial year.

However, the Council did use **£44.1M** of reserves previously earmarked for use during in 2021/22, mainly relating to funding its capital programme commitments and a number of service related investments.

The table below breaks down the 2021/22 General Fund Reserves:

Reserve Type	Description	1 st April 2021 £M	Used £M	Earmarked £M	31 st March 2022 £M
Specific Service Earmarkings	Resources held / committed for service specific purposes, including unspent grants and funding relating to projects that have been slipped into future periods	54.5	(11.8)	25.6	68.3
Capital Programme Earmarkings	Resources held / committed for the Council's capital investment programme	29.4	(3.2)	16.4	42.6
Glassworks Earmarkings	Resources held / committed for the Council's Glassworks Project	22.3	-	1.3	23.6
Revenue Investment Earmarkings	Resources held / committed for specific revenue investments as set out in the 2020/21 budget process	4.5	(2.0)	-	2.5
Other Corporate Earmarkings	Resources held / committed for corporate / Council wide priorities, including Be Even Better	64.6	(27.1)	22.6	60.1

STATEMENT OF ACCOUNTS 2021/22

Reserve Type	Description	1 st April 2021 £M	Used £M	Earmarked £M	31 st March 2022 £M
	Strategy, Insurance Fund, Future Redundancy and the MRP policy				
Minimum Working Balance	Resources held as a contingency for unforeseen events	20.0	-	-	20.0
TOTAL		195.3	(44.1)	65.9 *	217.1

* Includes £4.9M underspend that is held in strategic reserves

Housing Revenue Account Reserves

The level of Housing Revenue Account reserves decreased from **£31.0M** at the start of 2021/22 to **£28.9M** at the end of the financial year, a net decrease of **£2.1M** which is outlined in the table below:

Housing Revenue Account:	£M
Reserves at 1st April 2021	31.0
Reserves Used in 2021/22	(2.7)
Reserves Earmarked into 2021/22	0.5
Falls into Strategic Reserves	0.1
Total Movement	(2.1)
Reserves at 31st March 2022	28.9

The main reason for this overall decrease is as result of utilising specific reserves totalling **£2.7M**, namely housing growth reserves, on specific capital projects during 2021/22, offset by the earmarking of resources for future years totalling **£0.4M**, for specific projects to be completed in 2022/23.

The table below breaks down the 2021/22 Housing Revenue Account Reserves:

Reserve Type	Description	1 st April 2021 £M	Used £M	Earmarked £M	31 st March 2022 £M
Housing Growth Investment	Resources held / committed for the approved housing growth capital investment programme	21.0	(2.4)	-	18.6
30 Year Business Plan Earmarkings	Resources held / committed pending the review of the Council's 30 year HRA business plan	0.1	-	0.1	0.2
Other Revenue Earmarkings	Resources held / committed for service specific purposes including mitigation of the impact of welfare reform	2.9	(0.3)	-	2.6
Other Capital Earmarkings	Resources held / committed for known capital commitments	-	-	0.5	0.5
Minimum Working Balance	Resources held as a contingency for unforeseen events	7.0	-	-	7.0
TOTAL		31.0	(2.7)	0.6 *	28.9

* Includes £0.1M underspend that is held in strategic reserves

What The Council Spent in 2021/22 (Capital)

Executive Overview:

In 2021/22, the Council spent **£94.8M** through its capital programme with the majority of the expenditure relating to the Council's property, plant and equipment, such as land and buildings, the road / infrastructure network and council houses.

STATEMENT OF ACCOUNTS 2021/22

The **capital expenditure** was funded from **£73.8M** worth of the Council's own resources, such as grants, capital receipts and reserves. The remaining expenditure, totalling **£21.0M**, has been funded by prudential borrowing / leasing.

Capital Expenditure

Capital expenditure during the year amounted to **£94.8M** (**£111.2M** in 2020/21), including Private Finance Initiative and other finance lease purchases. The table and chart below analyse the capital expenditure against the Council's asset categories.

<u>Asset Categories</u>	2021/22 £M
Council Dwellings	22.7
Property, Plant & Equipment	30.0
Vehicles, Plant, Furniture & Equipment	1.3
Assets Under Construction	5.6
Infrastructure Assets	23.6
Intangible Assets	-
Heritage Assets	0.3
Long Term Debtors	-
Non BMBC Assets	11.3
Total	94.8

The most significant scheme included within the table above is the Glassworks project which spent £18.4M during the year, included above within Property, Plant & Equipment. Other significant schemes to note are the Barnsley Homes Standard scheme relating to the Council's houses and empty homes acquisitions and works to the highway network, including the scheme in relation to construction works on the roundabouts from J36 of the M1 to Goldthorpe.

However, the COVID-19 pandemic and the war in Ukraine has impacted on the delivery of a number of key capital schemes mainly as a result of the suspension of construction / delays in the delivery of raw materials which has resulted in slippage of costs into 2022/23 and beyond, in line with the three year programme.

Capital Financing

The table below shows the major sources of **financing** capital expenditure:

<u>Funding Source</u>	2021/22 £M
Capital Grants	31.7
Third Party Contributions (Inc. S106)	5.0
Capital Receipts	1.9
Revenue / Reserves	14.0
Major Repairs Reserve	21.2
Sub Total – Own Resources	73.8
Prudential Borrowing	20.9
Leasing	0.1
Sub Total – Borrowing/ Leasing	21.0
Total	94.8

Details of Material Assets Disposals

The Council disposed of a number of assets during 2021/22. The **material disposals** are shown in the table below.

<u>Asset</u>	<u>Description</u>	£M
School Academy Transfers	Council Maintained Schools Converted to Academies in 2021/22 *	2.9
Council House Sales	Council Dwellings Sold	7.7

* No consideration is received from the transfer of schools to academies

STATEMENT OF ACCOUNTS 2021/22

Individual quarterly monitoring reports for 2021/22 can be accessed via the links below:

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
1	22 nd September 2021	Cab.22.9.2021/16	Quarter 1 Cabinet
2	1 st December 2021	Cab.1.12.2021/9	Quarter 2 Cabinet
3	9 th March 2022	Cab.9.3.2022/8	Quarter 3 Cabinet
4	1 st June 2022	Cab.1.6.2022/11	Quarter 4 Cabinet

2021/22 Treasury Management Overview

Executive Overview:

Facing continued economic uncertainty, the focus of the Council's Treasury Management Strategy for 2021/22 was on **managing risk**:

- The focus of the Council's borrowing strategy was on reducing its exposure to **interest rate** and **refinancing risk**, whilst maintaining a small under-borrowed position to keep its financing costs to a minimum.
- The purpose of the Council's investment strategy was to ensure that its cash balances were **invested prudently** and were **available when needed** to meet the Council's spending commitments. This reflects the recommended investment priorities of **security, liquidity** and **yield** (in that order).

Borrowing Overview:

The Council's borrowing strategy is to actively reduce its exposure to interest rate risk, whilst maintaining an under-borrowed position. As shown below there was a net increase of £40.3M on the Council's borrowing portfolio during the 2021/22 financial year, comprising £57.7M of new borrowing and £17.4M of principal repaid. The new fixed rate loans were taken out from the Public Works Loans Board (PWLB) at rates between 1.51% and 1.73%.

The decision to undertake borrowing earlier than planned was based on the rising interest rate environment, to mitigate risk and create cost certainty within the Council's budget. As a result, the Council has delivered to the interest rate exposure targets for 2021/22 and 2022/23 as per the approved Treasury Management Strategy. This means that 70% of the Council's overall borrowing requirement is being financed by long term, fixed rate borrowing.

The exposure targets are kept under review and reflect the medium term forecasts for interest rates and the current uncertainties within the economy. Fixing out 70% of the Council's Capital Financing Requirement (CFR) is considered prudent and affordable whilst leaving sufficient flexibility to maximise the use of internal balances and low rate temporary borrowing.

	Balance on 01/04/2021 £M	New Borrowing £M	Principal Redeemed £M	Balance on 31/03/2022 £M	Net Movement £M
PWLB Borrowing	520.9	57.7	(3.3)	575.3	54.4
Other Long-Term Loans	93.5	-	(1.4)	92.1	(1.4)
Temporary Loans	-	-	-	-	-
Longer Term Local Authority Loans	29.5	-	(12.7)	16.8	(12.7)
Total External Borrowing	643.9	57.7	(17.4)	684.2	40.3

The Council reports its in year debt costs as a proportion of its net revenue stream [budget]. For 2021/22, the estimate at the start of the year was 9.50%, with the actual measure being some 9.53%, narrowly missing the target. This was predominantly as a result of the Council's approach to derisk its borrowing portfolio by fixing out significant levels of its CFR early, in line with the TM Strategy.

STATEMENT OF ACCOUNTS 2021/22

Investment Overview:

The Council's investment strategy is to ensure that its cash balances are invested prudently and are available when needed to meet its spending commitments.

The majority of transactions during the financial year related to short term fixed deposits with high rated financial institutions that met the Authority's approved counterparty list. To maintain sufficient liquidity, an appropriate balance of cash was deposited in the Council's Money Market Funds and instant access accounts. In terms of presentation in the [Balance Sheet](#), the instant access investment balances are accounted for as "Cash and Cash Equivalents".

The Council's investment balances increased by £74 Million during the year primarily as a result of the temporary investment of the new borrowing detailed above.

	Balance on 01/04/2021 £M	New Investments £M	Principal Redeemed £M	Balance on 31/03/2022 £M	Net Movement £M
Short Term Deposits	60.0	277.5	(203.0)	134.5	74.5
Money Market Funds / Instant Access Accounts	55.0	194.4	(194.9)	54.5	(0.5)
Total Investments	115.0	471.9	(397.9)	189.0	74.0

Treasury Reporting

Individual quarterly monitoring reports for 2021/22 can be accessed via the links below:

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
1	22 nd September 2021	Cab.22.9.2021/16	Quarter 1 Cabinet
2	1 st December 2021	Cab.1.12.2021/9	Quarter 2 Cabinet
3	9 th March 2022	Cab.9.3.2022/8	Quarter 3 Cabinet
4	1 st June 2022	Cab.1.6.2022/12	Quarter 4 Cabinet

Summary of the Council's Balance Sheet

The Council's summarised [Balance Sheet](#) is shown below, together with an explanation detailing what the categories represent:

1 st April 2021 £M	Category	31 st March 2022 £M	Explanation	Movement £M
1,349.4	Non-Current Assets	1,358.1	Assets owned or owed to the Council, that are expected to be used / received in more than 1 year	Increased by 8.7
164.1	Current Assets	246.5	Assets owned or owed to the Council, that are expected to be used / received in the next year	Increased by 82.4
(114.8)	Current Liabilities	(159.6)	Amounts that the Council owes, due within the next year	Increased by 44.8
(1,270.2)	Long Term Liabilities	(1,170.3)	Amounts that the Council owes, due in more than 1 year	Decreased by 99.9
128.5	NET ASSETS / (LIABILITIES)	274.7		Increased by 146.2
273.4	USEABLE RESERVES	308.8	Reserves held that can be used by the Council on spending	Increased by 35.4
(144.9)	UNUSABLE RESERVES	(34.1)	Reserves held that are for specific purposes, ordinarily statutory accounting adjustments	Increased by 110.8
128.5	TOTAL RESERVES	274.7		Increased by 146.2

STATEMENT OF ACCOUNTS 2021/22

The table below provides a high level explanation of the Council's [Balance Sheet](#) from 1st April 2021 to 31st March 2022:

Category	Movement £M	Explanation
Non-Current Assets	Increased by 8.7	Net revaluations of assets upwards of +£12M, enhancing capital spend of +£44M, (£16M) disposals, (£37M) consumption of assets in the year (depreciation) and other increases of +£6M.
Current Assets	Increased by 82.4	Increase in investment balances +£75M relating to new borrowing, not yet spent, and other increases of +£7M.
Current Liabilities	Increased by 44.8	Borrowing repaid (£25M) offset by movement between long term and short term borrowing to reflect due date of debt +£40M, creditors increased +£23M, mainly relating to agency arrangements on behalf of Government, grants received in advance increased by +£8M and other reductions of (£1M).
Long Term Liabilities	Decreased by 99.9	Pension liabilities decrease of (£116M) as a result of change to actuarial gains in respect of update of financial assumptions, offset with new borrowing +£58M, the movement between long term and short term borrowing to reflect due date of debt (£40M) and other reductions of (£2M).
NET ASSETS / (LIABILITIES)	Increased by 146.2	
USEABLE RESERVES	Increased by 35.4	GF / HRA Reserves increased by +£19M, unspent capital receipts increased by +£8M, unspent capital grants increased by +£8M.
UNUSABLE RESERVES	Increased by 110.8	Betterment of Pensions Reserve +£117M, revaluation reserve increase by +£90M mainly relating to increase in council house values, offset by decrease to CAA (£98M) mainly relating to reduction of asset values where no previous revaluation gains exist, Collection Fund increased by +£7M and DSG Deficit Account showed a worsening of (£6M).
TOTAL RESERVES	Increased by 146.2	

Summary of the Council's Pension Fund Position as at 31st March 2022

Accounting Basis

The Council accounts for its Pension Fund position in accordance with IAS 19, which means that it accounts for the costs of retirement benefits when entitlement to those benefits has been earned rather than when they are actually paid to employees, which may be many years into the future. These future liabilities are to be met by fund assets which are acquired from employer and employee contributions and subsequently invested for a return. As at 31st March 2022, fund liabilities **exceeded** fund assets by **£327.5M** [**£443.4M** as at 31st March 2021], **on an accounting basis**.

Funding Basis

The Pension Fund position, when assessed **on a funding basis**, is calculated in a different way to the accounting methodology and ultimately reflects the actual performance of the Council's Pension Fund. It is the pension fund position on a funding basis that informs the Council's ongoing contribution rate and the employees' contribution rate. Any pension deficit on this funding basis must be made good over time. A triennial actuarial review assesses key assumptions and agrees any changes, including any increase in employer contributions, for a subsequent 3 year period with the aim of having a **100% funded scheme** over the longer term. The latest review [in 2019] applies to the period 1st April 2020 to 31st March 2023.

STATEMENT OF ACCOUNTS 2021/22

The Council has a deficit totalling **£16M** at the time of the last triennial review and paid the deficit relating to the triennial period (£2.3M) upfront, as a lump sum in 2020/21 to benefit from the discount offered by the Pension Fund, as opposed to paying on a monthly or annual basis. The second of three elements of this has been charged to the General Fund in 2021/22.

The Council's Approach to Risk Management

Executive Overview:

The new risk management approach continues to be embedded across all management levels of the Council. The management of threats and concerns and the assurances needed regarding the achievement of the Council's objectives is considered a fundamental part of the normal business process and is crucial to the delivery of effective risk management and the implementation of good governance arrangements.

A robust and dynamic Strategic Risk Register (SRR) sets the culture and tone for the management of threats, concerns and assurances across and throughout the Council. The proactive engagement of the Senior Management Team (SMT) in the Risk Management process through their ownership and review of the SRR demonstrates a strong commitment to lead and champion Risk Management 'from the top' and to further reinforce the continuing development of a Risk Management culture.

The risks in the SRR are owned by SMT, with the management of individual risks being allocated to a Risk Manager (a member of SMT) and measures to mitigate risks allocated to Action Owners (being those senior managers best placed to take responsibility to drive the implementation of those actions).

SMT is also responsible for ensuring that the SRR continues to express those high-level concerns, issues and areas of strategic focus which have a significant bearing upon the overall achievement of corporate objectives and that they are being appropriately managed.

The Audit and Governance Committee provides assurances to the Council on the adequacy and effectiveness of the risk management framework, ensuring it is fit for purpose. The Audit and Governance Committee receives regular reports on the Council's risk management arrangements and on the management of key strategic risks; these include detailed presentations "a deep dive review" from the relevant Executive Director on strategic risks in their area. Executive Directors will attend the Audit and Governance Committee to present an update on their strategic risk(s) and answer questions raised by committee members. Oversight of the risk management framework is a key responsibility of the Audit and Governance Committee. Cabinet also receives six-monthly updates on strategic risks.

STATEMENT OF ACCOUNTS 2021/22

Future Spending Plans & Assessment of the Future Economic Climate

Key Documents

Title	Description	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
Service & Financial Planning 2022/23	General Fund Budget Proposals for 2022/23	9th February 2022	Cab.9.2.2022/6	Budget Cabinet
Housing Revenue Account – 2022/23	HRA Budget Proposals for 2022/23	12th January 2022	Cab.12.1.2022/6	Cabinet Meeting
Treasury Management Policy & Strategy 2022/23	The Council's Strategy with Regards Borrowing & Investing	9th February 2022	Cab.9.2.2022/6	Budget Cabinet
Capital Investment Strategy 2022/23	The Council's Strategy with Regards Capital Investment	9th February 2022	Cab.9.2.2022/6	Budget Cabinet
Council Tax Base Report 2022/23	The Council's Approved Council Tax Base	12th January 2022	Cab.12.1.2022/7	Cabinet Meeting
Business Rates – Calculation of Local Share 2022/23	The Council's Approved Business Rate Tax Base	12th January 2022	Cab.12.1.2022/8	Cabinet Meeting

Our Council Plan for 2021 to 2024 sets out what we aim to achieve over three years. Our plan gives us a clear direction to recover from the COVID-19 pandemic and build our borough back better and fairer. It focuses on how we collectively deliver our services across the council to best support residents, communities, partners and business. It explains what we want to do, how we plan to do it, and how we'll measure whether we're on track to achieve it.

The Council Plan has been developed by the work that has taken place for the Barnsley 2030 project through a series of activities with residents, businesses, employees and other key stakeholders across the borough to build a picture of what Barnsley is like now and want it to be like by 2030.

In February 2022, the Council agreed an updated **Medium Term Financial Strategy (MTFS)** for the period 2021 – 2024. This included presenting balanced budget proposals for 2022/23 and 2023/24 with a relatively small funding gap in 2024/25.

However, the above position was approved prior to the onset of the cost of living crisis and other significant emerging financial pressures, including increased energy/fuel prices, the impact of high inflation on the Council's contracts, the anticipated increase in staff pay award, together with an increased demand for Council services, which will impact the 2022/23 budget and across the MTFS period. During June 2022, the Council refreshed its MTFS to take account of these pressures, together with a strategic plan to mitigate the impact, to achieve a balanced budget and ensure financial sustainability of the Council. The plan includes a Council wide programme of transformation to which the initial approach and framework have been established, with the detailed plans being worked up in the coming months.

The Impact of the Coronavirus (COVID-19) Pandemic

2021/22 Financial Year

As mentioned above, the COVID-19 pandemic has impacted on the Council's resources during 2021/22. The Council has incurred COVID related costs totalling £24.157M during 2021/22 (£33.177M in 2020/21), broken down as follows:

STATEMENT OF ACCOUNTS 2021/22

Area of Spend	Value £M	Description
Infection Control	7.4	Support to the Council's care providers for staffing, PPE and outbreak control
Test and Trace / Outbreak Control	3.2	Provision of intervention to prevent outbreaks across the borough including marketing and communication
Household Support / Support to Vulnerable	8.4	Support to individuals and families required to self-isolate / financial support for council tax
Additional Social Care	0.3	Additional social workers to address rising demand caused by the pandemic
Waste	1.2	Additional costs of waste collection due to people being at home as well as social distancing measures at waste recycling sites
Business Support	1.5	Support to businesses within the Borough to help them recover
Other Recovery	1.8	Cost of security and cleaning to safely open public buildings
Other	0.4	Other
Total	24.2	

Further information is provided within the Council's 2021/22 Corporate Finance Performance Report.

For 2022/23 and beyond, the Council will continue to monitor the impact of COVID-19 as part of its ongoing MTFS process.

Our 2021/22 Statement of Accounts

The Form of the Statement of Accounts

The Statement of Accounts is a statutory publication required under the Accounts and Audit Regulations and prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code), published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code specifies the principles and practices of accounting required to give a true and fair view of the Council's financial position at the end of the year and the transactions of the Council during the year.

The information contained in the various statements and notes are of a highly technical nature. To aid readers of the accounts, some of the technical areas around the accounting policies have been provided in [Annex A](#) through [Annex E](#), with links to the individual areas of the accounts that they relate to.

The layout of the 2021/22 Statement of Accounts is comprised of:

- Statement of Responsibilities for the Statement of Accounts;
- The Core Financial Statements;
- The Expenditure & Funding Analysis;
- Notes to the Core Financial Statements;
- The Supplementary Financial Statements and Notes including the Housing Revenue Account and the Collection Fund; and
- The Group Accounts

These are explained in more detail below.

Statement of Responsibilities for the Statement of Accounts

This section explains the respective responsibilities of the Council and the Chief Finance Officer (CFO) in relation to the Statement of Accounts. The Council is responsible for ensuring that there are proper arrangements in place for financial administration, ensuring that value for money is achieved and approving the annual Statement of Accounts. The CFO is responsible for selecting and applying accounting policies, keeping accurate and timely accounting records, taking reasonable steps for the prevention and detection of fraud and complying with proper accounting practice as defined by The Code.

STATEMENT OF ACCOUNTS 2021/22

The Core Financial Statements

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

The surplus or deficit on the Provision of Services line shows the accounting / economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund balance and Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

[The Comprehensive Income and Expenditure Statement \(CI&ES\)](#) – This statement shows the accounting cost in the year, of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this is different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

[The Balance Sheet](#) – The Balance Sheet shows the value of the assets and liabilities recognised by the Council, as at 31st March 2022. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories. The first category of reserves is useable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

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

Notes to the Core Financial Statements

[The Expenditure and Funding Analysis](#) is designed to demonstrate to council tax and rent payers, how the funding available to the Council (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services, in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

STATEMENT OF ACCOUNTS 2021/22

There are a number of disclosure notes that present further detail behind the figures in the Core Financial Statements, categorised by the predominant statement that they support.

- [Notes Relating to the Expenditure & Funding Analysis;](#)
- [Notes Relating to the Movement in Reserves Statement;](#)
- [Notes Relating to the Comprehensive Income & Expenditure Statement;](#)
- [Notes Relating to the Balance Sheet;](#)
- [Notes Relating to the Cash Flow Statement;](#)
- [Notes Relating to Other Disclosures.](#)

The Supplementary Financial Statements

[The Housing Revenue Account Comprehensive Income and Expenditure Statement](#) - Local authorities are required by law to account separately for all transactions relating to the cost of local authority housing by way of the Housing Revenue Account (HRA). This account shows in more detail where the resources are spent in maintaining and managing the Council's council houses, and the sources of income to meet these costs.

[The Collection Fund](#) - The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and Business Rates.

The Group Accounts

[The Group Accounts](#) - The Group Accounts are a consolidated set of financial statements that represent the overall activities of the companies that the Council has an interest in, where deemed material.

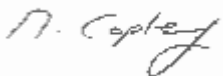
Changes of Accounting Policies in 2021/22

There has been no change to the Council's accounting policies for 2021/22.

Post Balance Sheet Events

There are no adjusting post balance sheet events following the 31st March 2022.

[Note 18](#) details the post balance sheet events in more depth including the potential impact on the Council.



N COPLEY BA (HONS), CPFA.

DATE: 29th July 2022

SERVICE DIRECTOR FOR FINANCE, CHIEF FINANCIAL OFFICER

STATEMENT OF ACCOUNTS 2021/22

SECTION 3 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- ◆ Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Service Director for Finance (Chief Finance Officer);
- ◆ Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- ◆ Approve the Statement of Accounts.

COUNCILLOR A. GARDINER

DATE:

CABINET SPOKESPERSON FOR CORPORATE SERVICES

The Chief Finance Officer's Responsibilities

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

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

- ◆ Selected suitable accounting policies and then applied them consistently;
- ◆ Made judgements and estimates that were reasonable and prudent;
- ◆ Complied with the Local Authority Code;
- ◆ Kept proper accounting records which were up to date;
- ◆ Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ◆ Assessed the Council's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- ◆ Used the going concern basis of accounting on the assumption that the functions of the Council and the Group will continue in operational existence for the foreseeable future; and
- ◆ Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In conclusion, the Chief Finance Officer certifies that this Statement of Accounts presents a true and fair view of the financial position of the Council as at 31st March 2022.

N COPLEY BA (HONS), CPFA.

DATE:

SERVICE DIRECTOR FOR FINANCE, CHIEF FINANCIAL OFFICER

STATEMENT OF ACCOUNTS 2021/22

SECTION 4 – CORE FINANCIAL STATEMENTS

THE MOVEMENT IN RESERVES STATEMENT

For a description of this statement – click [here](#)

<u>Movement in Reserves During 2021/22</u>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2021	195,302	30,952	17,086	19,014	11,062	273,416	(144,898)	128,518
Total Comprehensive Expenditure & Income	(80,605)	(21,231)	-	-	-	(101,836)	247,956	146,120
Adjustments Between Accounting Basis & Funding Basis Under Regulations	102,435	19,122	8,007	(895)	8,511	137,180	(137,180)	-
Net Increase / (Decrease) in 2021/22	21,830	(2,109)	8,007	(895)	8,511	35,344	110,776	146,120
Balance of Reserves at 31st March 2022	217,132	28,843	25,093	18,119	19,573	308,760	(34,122)	274,638
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet

[Balance Sheet](#)

[CI&ES](#)

[Note 3](#)

[Note 4 & HRA](#)

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2021/22

THE MOVEMENT IN RESERVES STATEMENT

<u>Movement in Reserves During 2020/21</u>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2020	133,875	31,817	16,810	14,821	8,854	206,177	(157,264)	48,913
Reporting of Schools Budget Deficit to New Adjustment Account at 1st April 2020	5,224	-	-	-	-	5,224	(5,224)	-
Restated Balance of Reserves at 1st April 2020	139,099	31,817	16,810	14,821	8,854	211,401	(162,488)	48,913
Total Comprehensive Expenditure & Income	13,610	(9,845)	-	-	-	3,765	75,840	79,605
Adjustments Between Accounting Basis & Funding Basis Under Regulations	42,593	8,980	276	4,193	2,208	58,250	(58,250)	-
Net Increase / (Decrease) in 2020/21	56,203	(865)	276	4,193	2,208	62,015	17,590	79,605
Balance of Reserves at 31st March 2021	195,302	30,952	17,086	19,014	11,062	273,416	(144,898)	128,518
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet

[Balance Sheet](#)

[CI&ES](#)

[Note 3](#)

[Note 4](#) & [HRA](#)

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2021/22

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

For a description of this statement – click [here](#)

2020/21				2021/22		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Net Cost of Services:			
143,626	(96,228)	47,398	Children's Services	159,912	(98,318)	61,594
103,502	(27,454)	76,048	Place	211,163	(35,962)	175,201
72,781	(72,493)	288	Housing Revenue Account	81,320	(73,471)	7,849
92,144	(42,716)	49,428	Adults & Communities	104,859	(51,123)	53,736
10,323	(8,366)	1,957	Public Health	11,414	(8,944)	2,470
113,222	(101,991)	11,231	Core Services	99,749	(99,368)	381
12,867	(29,718)	(16,851)	Corporate Services	20,348	(30,877)	(10,529)
32,937	(22,542)	10,395	Exceptional Item – COVID 19	24,066	(23,217)	849
581,402	(401,508)	179,894	Net Cost of Services	712,831	(421,280)	291,551
			Other Operating Income & Expenditure:			
414	-	414	Parish Council Precepts	468	-	468
1,666	-	1,666	Payments to Central Government Housing Capital Receipts Pool	1,666	-	1,666
4,396	(5,962)	(1,566)	(Gains) / Losses on The Disposal of Non-Current Assets	12,921	(13,208)	(287)
6,769	-	6,769	Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers	2,920	-	2,920
13,245	(5,962)	7,283	Total Other Operating Expenditure	17,975	(13,208)	4,767
			Financing & Investment Income & Expenditure:			
23,747	-	23,747	Interest Payable on Debt	23,475	-	23,475
76	-	76	Interest Element of Finance Leases	57	-	57
19,395	-	19,395	Interest Payable on PFI Unitary Payments	19,621	-	19,621
9,537	-	9,537	Net Interest on The Defined Benefit Liability / Asset	9,499	-	9,499
-	-	-	Movement in Fair Value of Financial Assets	-	-	-
396	-	396	Expected Credit Loss Model	50	-	50
-	-	-	Premium Incurred on Early Redemption of Debt	-	-	-
-	(809)	(809)	Investment Interest Income	-	(631)	(631)
-	(113)	(113)	Dividends Receivable	-	(446)	(446)
-	(10)	(10)	Interest Received on Finance Leases	-	(10)	(10)
4,803	(4,455)	348	(Surplus) / Deficit of Trading Undertakings or Other Operations	5,188	(5,985)	(797)
57,954	(5,387)	52,567	Total Financing & Investment Income & Expenditure	57,890	(7,072)	50,818

Continued overleaf.

STATEMENT OF ACCOUNTS 2021/22

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

2020/21				2021/22		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Taxation & Non-Specific Grant Income:			
-	(35,966)	(35,966)	Recognised Capital Grants & Contributions	-	(46,170)	(46,170)
-	(24,924)	(24,924)	Section 31 Grant	-	(15,555)	(15,555)
-	(19,459)	(19,459)	Exceptional Item – COVID 19 Related General Grants	-	(8,215)	(8,215)
-	(12,954)	(12,954)	Revenue Support Grant (RSG)	-	(13,026)	(13,026)
-	(102,437)	(102,437)	Council Tax	-	(107,693)	(107,693)
-	(15,034)	(15,034)	Business Rates Retention Scheme – Locally Retained	-	(21,906)	(21,906)
-	(32,735)	(32,735)	Business Rates Retention Scheme – Top Up Grant	-	(32,735)	(32,735)
-	(243,509)	(243,509)	Total Taxation & Non Specific Grant Income	-	(245,300)	(245,300)
652,601	(656,366)	(3,765)	(Surplus) / Deficit on Provision of Services	788,696	(686,860)	101,836
			Other Comprehensive Income & Expenditure:			
3,023	(95,698)	(92,675)	(Gains) / Losses on Revaluation of Property, Plant & Equipment Assets	5,649	(108,999)	(103,350)
111	-	111	(Gains) / Losses on Revaluation of Financial Instruments	-	-	-
16,724	-	16,724	Actuarial (Gains) / Losses on Pension Assets / Liabilities	-	(144,606)	(144,606)
19,858	(95,698)	(75,840)	Other Comprehensive Income & Expenditure	5,649	(253,605)	(247,956)
672,459	(752,064)	(79,605)	Total Comprehensive Income & Expenditure	794,345	(940,465)	(146,120)

STATEMENT OF ACCOUNTS 2021/22

BALANCE SHEET AS AT 31st MARCH 2022

For a description of this statement – click [here](#)

2020/21 £000s		2021/22 £000s	2021/22 £000s	Note / Statement
	NON-CURRENT ASSETS			
	Property Plant and Equipment:			
647,463	- Council Dwellings	715,990		19
282,683	- Other Land & Buildings	303,569		19
8,863	- Vehicles, Plant, Furniture & Equipment	8,308		19
283,291	- Infrastructure Assets	299,733		19
107,118	- Assets Under Construction	8,592		19
1,769	- Surplus Assets	2,228		19
1,331,187			1,338,420	
11,215	Heritage Assets	11,659		21
815	Intangible Assets	548		22
4,281	Long Term Investments	4,254		27
1,948	Long Term Debtors	3,140		27
18,259			19,601	
1,349,446	Total Non-Current Assets		1,358,021	
	CURRENT ASSETS			
8,413	Assets 'Held for Sale'	4,664		23
60,048	Short Term Investments	134,594		27
1,186	Inventories	1,513		29
10,290	Local Taxation Debtors	10,341		30
(10,243)	Impairment of Local Taxation Debtors	(10,341)		30
47,848	Other Short Term Debtors	55,483		31
(6,490)	Impairment of Short Term Debtors	(6,430)		31
53,010	Cash & Cash Equivalents	56,695		Cash Flow
164,062	Total Current Assets		246,519	
1,513,508	TOTAL ASSETS		1,604,540	
	CURRENT LIABILITIES			
(21,788)	Short Term Borrowing	(37,307)		27
(8,797)	Other Short Term Liabilities	(8,428)		27
(47,929)	Short Term Creditors	(71,233)		32
(6,368)	Short Term Provisions	(4,754)		34
(23,602)	Capital Grants Receipts in Advance	(34,528)		33
(6,295)	Revenue Grants Receipts in Advance	(3,335)		33
(114,779)	Total Current Liabilities		(159,585)	
	LONG TERM LIABILITIES			
(628,230)	Long Term Borrowing	(653,158)		27
(194,062)	Other Long Term Liabilities	(185,633)		27
(4,521)	Long Term Provisions	(4,060)		34
(443,398)	Retirement Benefit Obligations	(327,466)		37
(1,270,211)	Total Long Term Liabilities		(1,170,317)	
(1,384,990)	TOTAL LIABILITIES		(1,329,902)	
128,518	NET ASSETS / (LIABILITIES)		274,638	

Continued overleaf

STATEMENT OF ACCOUNTS 2021/22
BALANCE SHEET AS AT 31st MARCH 2022 (CONTINUED)

2020/21 £000s		2021/22 £000s	2021/22 £000s	Note / Statement
	USEABLE RESERVES:			
195,302	- General Fund	217,132		4 / MIRS
30,952	- Housing Revenue Account	28,843		4 / MIRS / HRA
17,086	- Useable Capital Receipts Reserve	25,093		MIRS
19,014	- Major Repairs Reserve	18,119		MIRS
11,062	- Capital Grant Unapplied Reserve	19,573		MIRS
273,416	TOTAL USEABLE RESERVES		308,760	
	UNUSABLE RESERVES:			
(35,182)	- Capital Adjustment Account	(133,502)		5
497	- Deferred Capital Receipts Reserve	496		5
(11,473)	- Financial Instruments Adjustment Account	(10,889)		5
(444,961)	- Pensions Reserve	(328,247)		5
(431)	- Financial Instrument Revaluation Reserve	(431)		5
352,241	- Revaluation Reserve	442,894		5
(2,482)	- Accumulated Absences Account	(2,548)		5
8,650	- Collection Fund Adjustment Account	16,051		5
(11,757)	- DSG Deficit Adjustment Account *	(17,946)		5
(144,898)	TOTAL UNUSABLE RESERVES		(34,122)	
128,518	TOTAL RESERVES		274,638	

* The DSG Adjustment account was a new requirement for 2020/21. The [Movement in Reserves Statement](#) shows the adjustment to the opening balances, in accordance with SI The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations) as amended.

I certify that these accounts were placed on account with the Council's external auditors, Grant Thornton LLP on 29th July 2022.

Mayor Cllr. Sarah-Jane Tattersall

Date:

STATEMENT OF ACCOUNTS 2021/22

CASH FLOW STATEMENT

For a description of this statement – click [here](#)

2020/21 £000s		2021/22 £000s	2021/22 £000s	Note
(3,765)	Net (Surplus) / Deficit on Provision of Services		101,836	CI&ES
	<u>Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:</u>			
(79,530)	- Depreciation & Impairment	(167,339)		
(20,661)	- Pension Fund Adjustments	(28,674)		
(11,166)	- Carrying Amount of Non-Current Assets Sold	(15,842)		
(1,147)	- (Increase) / Decrease in Provisions	2,025		
85	- Increase / (Decrease) in Inventories	327		
(13,536)	- Increase / (Decrease) in Debtors	1,699		
(8,051)	- (Increase) / Decrease in Creditors	(12,337)		
607	- Other Non-Cash Adjustments	544		
(133,399)			(219,597)	
	<u>Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:</u>			
35,966	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	46,170		
-	- Premiums Paid on Early Settlement of Debt			
6,088	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	13,444		
42,054			59,614	
(95,110)	Net Cash (Inflow) / Outflow From Operating Activities		(58,147)	
64,447	Net Cash (Inflow) / Outflow From Investing Activities		90,725	39
46,222	Net Cash (Inflow) / Outflow From Financing Activities		(36,263)	40
15,559	Net (Increase) / Decrease in Cash & Cash Equivalents		(3,685)	
68,569	Cash & Cash Equivalents as at 1st April		53,010	
(15,559)	Net Increase / (Decrease) in Cash & Cash Equivalents		3,685	
53,010	Cash & Cash Equivalents as at 31st March		56,695	Balance Sheet
	Made Up Of The Following Elements:			
2	Cash Held By The Council		7	
(12,314)	Cash in Transit *		(3,542)	
10,310	Bank Current Accounts		5,720	
55,012	Short Term Deposits With Financial Institutions		54,510	
53,010	Total Cash & Cash Equivalents		56,695	

* Cash in Transit represents the timing difference between payments being made by the Council to its creditors and receipts received from its debtors, which have been accounted for in the Council's Statement of Accounts and the clearing of those payments in the year end bank balance.

[Accounting Policy 5](#) defines the Council's policy with regards classification of financial instruments as cash equivalents.

STATEMENT OF ACCOUNTS 2021/22

SECTION 5 – NOTES TO THE CORE FINANCIAL STATEMENTS

THE EXPENDITURE AND FUNDING ANALYSIS

For a description of this note – click [here](#)

Page 41

2020/21				2021/22		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s		£000s	£000s	£000s
38,685	8,713	47,398	Children's Services	47,006	14,588	61,594
44,096	31,952	76,048	Place	45,033	130,168	175,201
(16,801)	17,089	288	Housing Revenue Account	(15,572)	23,421	7,849
45,441	3,987	49,428	Adults & Communities	47,774	5,962	53,736
1,469	488	1,957	Public Health	1,613	857	2,470
(5,431)	16,662	11,231	Core Services	(5,767)	6,148	381
(17,040)	189	(16,851)	Corporate Services	(10,727)	198	(10,529)
10,395	-	10,395	Exceptional Item – COVID 19	849	-	849
100,814	79,080	179,894	Net Cost of Services	110,209	181,342	291,551
414	6,869	7,283	Other Operating Income & Expenditure	468	4,299	4,767
43,030	9,537	52,567	Financing & Investment Income & Expenditure	41,319	9,499	50,818
(218,876)	(24,633)	(243,509)	Taxation & Non Specific Grant Income	(191,730)	(53,570)	(245,300)
(74,618)	70,853	(3,765)	(Surplus) / Deficit on Provision of Services	(39,734)	141,570	101,836
19,280	(19,280)	-	Items Presented Within The Movement in Reserves Statement	20,015	(20,015)	-
(55,338)	51,573	(3,765)	TOTAL	(19,719)	121,555	101,836
Note 1 / MIRS	Split Between:	CI&ES		Note 1 / MIRS	Split Between:	CI&ES
General Fund	42,593			General Fund	102,433	
HRA	8,980			HRA	19,122	
	51,573				121,555	
	Note 2 / Note 3 / MIRS				Note 2 / Note 3 / MIRS	

STATEMENT OF ACCOUNTS 2021/22

THE EXPENDITURE AND FUNDING ANALYSIS (CONTINUED)

2020/21			Movement on Reserves:	2021/22		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000s	£000s	£000s		£000s	£000s	£000s
133,875	31,817	165,692	Opening Balances as at 1st April	195,302	30,952	226,254
5,224	-	5,224	Reporting of Schools Budget Deficit to New Adjustment Account at 1st April 2020	-	-	-
139,099	31,817	170,916	Revised Balances as at 1st April	195,302	30,952	226,254
56,203	(865)	55,338	Plus/(Less) Surplus or (Deficit) on General Fund & HRA Balances in Year	21,830	(2,109)	19,721
195,302	30,952	226,254	Closing Balances as at 31st March	217,132	28,843	245,975

[Note 4 / MIRS](#)

[Note 4 / MIRS](#)

[Note 4 / MIRS](#)

[Note 4 / MIRS](#)

[Note 4 / MIRS](#)

[Note 4 / MIRS](#)

Note A – Prior Period Adjustments

Description:	This note provides explanation of the prior period adjustment applied in the comparative prior year position including the overall impact on the key statements and notes contained therein.
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There have been no significant prior period adjustments since the publication of the 2020/21 financial statements.

STATEMENT OF ACCOUNTS 2021/22

NOTES PRIMARILY RELATING TO THE EXPENDITURE & FUNDING ANALYSIS

Note 1 – Reconciliation Between Management Accounts and Expenditure & Funding Analysis

Description: This note provides a reconciliation between the Council's Management Accounts and the first column of the Expenditure & Funding Analysis which represents the actual movement on the Council's useable reserves for the year. The respective adjustments are outlined in the explanatory notes in the pages overleaf.

Adjustments from Management Accounts to Financial Reporting Format	2021/22					
	Management Accounts as Per Final Accounts Report (Note 1A)	Presentation Adjustments from Management Accounts to Financial Accounts (Note 1B)	Items Not Included in Net Cost of Services (Note 1C)	Items Not Included Within The CI&ES (Note 1D)	Corporate Funding / Expenditure (Note 1E)	Net Expenditure Chargeable to the General Fund and HRA Balances (Note 1F)
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	46,964	42	-	-	-	47,006
Place	50,795	(6,667)	905	-	-	45,033
Housing Revenue Account	73,095	(73,095)	(10,237)	(5,335)	-	(15,572)
Adults & Communities	76,434	(28,660)	-	-	-	47,774
Public Health	6,433	(4,520)	-	-	(300)	1,613
Pure Services	(4,957)	(1,588)	793	(15)	-	(5,767)
Corporate Services	32,000	3,827	(20,005)	(18,749)	(7,800)	(10,727)
Exceptional Item – COVID 19	(26,036)	26,885	-	-	-	849
Net Cost of Services	254,728	(83,776)	(28,544)	(24,099)	(8,100)	110,209
Other Operating Income & Expenditure	-	-	-	-	468	468
Financing & Investment Income & Expenditure	-	-	41,319	-	-	41,319
Taxation & Non Specific Grant Income	-	-	(12,775)	-	(178,955)	(191,730)
(Surplus) / Deficit on Provision of Services	254,728	(83,776)	-	(24,099)	(186,587)	(39,734)
Items Presented Within The Movement in Reserves Statement (Note 1G)	-	-	-	17,906	2,109	20,015
TOTAL NET EXPENDITURE	254,728	(83,776)	-	(6,193)	(184,478)	(19,719)

EFA

STATEMENT OF ACCOUNTS 2021/22

Adjustments from Management Accounts to Financial Reporting Format	2020/21					
	Management Accounts as Per Final Accounts Report (Note 1A)	Presentational Adjustments from Management Accounts to Financial Accounts (Note 1B)	Items Not Included in Net Cost of Services (Note 1C)	Items Not Included Within The CI&ES (Note 1D)	Corporate Funding / Expenditure (Note 1E)	Net Expenditure Chargeable to the General Fund and HRA Balances (Note 1F)
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	34,132	4,553	-	-	-	38,685
Place	50,987	(7,115)	224	-	-	44,096
Housing Revenue Account	865	(865)	(10,404)	(6,397)	-	(16,801)
Adults & Communities	76,214	(30,773)	-	-	-	45,441
Public Health	6,189	(4,720)	-	-	-	1,469
Core Services	(2,019)	(3,341)	(56)	(15)	-	(5,431)
Corporate Services	66,982	(78,577)	13,091	(18,536)	-	(17,040)
Exceptional Item – COVID 19	(36,586)	46,981	-	-	-	10,395
Net Cost of Services	196,764	(73,857)	2,855	(24,948)	-	100,814
Other Operating Income & Expenditure	-	-	-	-	414	414
Financing & Investment Income & Expenditure	-	-	43,030	-	-	43,030
Donation & Non Specific Grant Income	-	-	(45,885)	-	(172,991)	(218,876)
Surplus) / Deficit on Provision of Services	196,764	(73,857)	-	(24,948)	(172,577)	(74,618)
As Presented Within The Movement in Services Statement (Note 1G)	-	-	-	18,415	865	19,280
FINAL NET EXPENDITURE	196,764	(73,857)	-	(6,533)	(171,712)	(55,338)

[EFA](#)

Adjustments From Management Accounts to Financial Reporting Format – Explanatory Notes

Note 1A: Management Accounts as Per Final Accounts Report

This column represents the net revenue expenditure (management accounts) of the Council's directorates, as reported to Cabinet throughout the financial year.

Note 1B: Presentational Adjustments from Management Accounts to Financial Accounts

This column represents the presentational adjustments from the management accounts to align to the financial statements. Such adjustments include the treatment and presentation of reserves and earmarkings, separate reporting of exceptional items and to reflect differences in reporting for specific corporate items, e.g. COVID 19.

Note 1C: Items Not Included in Net Cost of Services

Adjustments for items that are not deemed, as per the Accounting Code of Practice, as service specific income and expenditure but which represent other corporate items:

- **Other Operating Income & Expenditure** – generally relates to precepts / levies that are accounted for within service budgets from a management accounts perspective but a corporate cost as per the financial reporting requirements;

STATEMENT OF ACCOUNTS 2021/22

- **Financing & Investment Income & Expenditure** – generally relates to corporate income and expenditure such as interest payments servicing the Council's debt and interest receivable from its financial investments and dividends from its interests in companies. Also included within this are the external element of services that are accounted for as trading undertakings;
- **Taxation & Non-Specific Grant Income & Expenditure** – relates to non-specific grant received and accounted for within service budgets from a management accounts perspective.

Note 1D: Items Not Included Within The CI&ES

Adjustments that, under the Accounting Code of Practice, are not reported from a financial reporting point of view within the Comprehensive Income & Expenditure Statement but as a movement in reserves:

- These adjustments generally relate to capital items such as the statutory charges for capital financing i.e. Minimum Revenue Provision and capital funded by revenue / reserves and the statutory accounting for the treatment of the Council's DSG Deficit. Also included is the accounting recognition of the element of the pension deficit payment and the adjustment in relation to financial instruments.

Note 1E: Corporate Funding / Expenditure

This column brings in the Council's corporate, non-specific funding for the year together with other corporate items of expenditure:

- **Other Operating Income & Expenditure** – generally relates to the precept payments collected by the Council and paid over to the parish councils;
- **Taxation & Non-Specific Grant Income & Expenditure** – relates to the non-specific income that the Council receives in year to fund its net expenditure, including Revenue Support Grant (RSG), Council Tax, Business Rates and S31 Grants.

Note 1F: Net Expenditure Chargeable to the General Fund and HRA Balances

This column shows the Council's financial position in terms of its in-year movement in general fund and housing revenue account reserve positions. These can be seen in terms of both types of reserves in [Note 4](#).

Note 1G: Items Presented Within The Movement in Reserves Statement

The items captured within this row are such items that, in accordance with the Code of Practice, are not to be included within the Comprehensive Income & Expenditure Statement (Accounting Basis) but are chargeable to the General Fund Balance under statutory provisions. These are duly deducted or added to the General Fund Balance via the Movement in Reserves Statement (Funding Basis). This row therefore purely represents presentational adjustments to allow reconciliation between the accounting basis and funding basis.

STATEMENT OF ACCOUNTS 2021/22

Note 2 - Adjustments between Funding and Accounting Basis per Directorate

Description:	This note provides an analysis of the adjustments between the accounting basis as stipulated by the Code of Practice and the funding basis as stipulated by Legislation, per directorate. The respective adjustments are outlined in the explanatory notes in the pages overleaf.
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Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts	2021/22			
	Adjustments for Capital Purposes (Note 2A)	Net Change for the Pensions Adjustments (Note 2B)	Other Differences (Note 2C)	Total Adjustments
	£000s	£000s	£000s	£000s
Children's Services	5,581	8,954	53	14,588
Place	126,155	4,000	13	130,168
Housing Revenue Account	23,421	-	-	23,421
Adults & Communities	3,672	2,246	44	5,962
Public Health	-	858	(1)	857
Core Services	3,272	2,918	(42)	6,148
Corporate Services	-	199	(1)	198
Net Cost of Services	162,101	19,175	66	181,342
Other Operating Income & Expenditure	4,299	-	-	4,299
Financing & Investment Income & Expenditure	-	9,499	-	9,499
Taxation & Non Specific Grant Income	(46,170)	-	(7,400)	(53,570)
Difference Between General Fund /HRA Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	120,230	28,674	(7,334)	141,570
Items Presented Within The Movement in Reserves Statement	(24,839)	(781)	5,605	(20,015)
TOTAL NET EXPENDITURE	95,391	27,893	(1,729)	121,555

EFA

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STATEMENT OF ACCOUNTS 2021/22

<u>Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts</u>	2020/21			
	Adjustments for Capital Purposes (Note 2A)	Net Change for the Pensions Adjustments (Note 2B)	Other Differences (Note 2C)	Total Adjustments
	£000s	£000s	£000s	£000s
Children's Services	3,862	5,343	(492)	8,713
Place	29,765	2,182	5	31,952
Housing Revenue Account	17,089	-	-	17,089
Adults & Communities	2,728	1,263	(4)	3,987
Public Health	-	488	-	488
Core Services	14,932	1,770	(40)	16,662
Corporate Services	105	78	6	189
Net Cost of Services	68,481	11,124	(525)	79,080
Other Operating Income & Expenditure	6,869	-	-	6,869
Financing & Investment Income & Expenditure	-	9,537	-	9,537
Taxation & Non Specific Grant Income	(35,966)	-	11,333	(24,633)
Difference Between General Fund /HRA Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	39,384	20,661	10,808	70,853
Items Presented Within The Movement in Reserves Statement	(24,449)	(781)	5,950	(19,280)
TOTAL NET EXPENDITURE	14,935	19,880	16,758	51,573

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Adjustments between Funding and Accounting Basis per Directorate – Explanatory Notes

Note 2A: Adjustments for Capital Purposes

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

- **Other Operating Income & Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Taxation & Non-Specific Grant Income & Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.
- **Items Presented Within The Movement in Reserves Statement** – generally relate to capital items such as the statutory charges for capital financing i.e. Minimum Revenue Provision and capital funded by revenue / reserves.

STATEMENT OF ACCOUNTS 2021/22

Note 2B: Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 *Employee Benefits* pension related expenditure and income:

- For **Net Cost of Services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs. The change also includes the recognition of the pension deficit payment, relating to the year.
- For **Financing & Investment Income & Expenditure** – the net interest on the defined benefit liability is charged to the CIES.
- For **Items Presented Within The Movement in Reserves Statement** – the pension deficit element recognised against the general fund.

Note 2C: Other Differences

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

- For **Financing & Investment Income & Expenditure** - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation & Non-Specific Grant Income & Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in The Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.
- For **Items Presented Within The Movement in Reserves Statement** – these adjustments relate to the entries relating to the financial instrument adjustment account and the Council's DSG deficit.

STATEMENT OF ACCOUNTS 2021/22

NOTES PRIMARILY RELATING TO THE MOVEMENT IN RESERVES STATEMENT

Note 3 – Adjustments Between Accounting Basis and Funding Basis Under Regulations

Description:	This note details the adjustments that are made to the Comprehensive Income and Expenditure Statement, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.
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The following sets out a description of the reserves that the adjustments are made against:

General Fund Balances

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

There are two types of General Fund balances as detailed below:

- Non-Specific Reserves – these reserves are general in nature and are not earmarked for a specific use in the future. Included within this balance are the Minimum Working Balance which is retained for unforeseen circumstances and Strategic Reserves that are held with consideration towards the Council's Medium Term Financial Strategy; and
- Earmarked Reserves – these reserves have a specific use on a particular activity / scheme.

[Note 4](#) identifies the movement between the two types of General Fund Reserves.

Housing Revenue Account (HRA) Balances

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

The services provided by the HRA include; Council house management, rent collection, letting, tenant participation, repairs and maintenance, estate management, caretaking and other tenant related services.

Useable Capital Receipts Reserve

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

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls the application of the notional Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the notional MRA that has yet to be applied at year end.

Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

STATEMENT OF ACCOUNTS 2021/22

Note 3

	Useable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
2021/22 Adjustments	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources						
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:						
Pensions Costs (<i>Transferred to (or from) the Pensions Reserve</i>)	27,893	-	-	-	-	(27,893)
Financial Instruments (<i>Transferred to the Financial Instruments Adjustments Account</i>)	(546)	(38)	-	-	-	584
Dedicated Schools Grant Deficit (<i>Transfers to or from DSG Adjustment Account</i>)	6,189		-	-	-	(6,189)
Council Tax and NDR (<i>Transfers to or from Collection Fund Adjustment Account</i>)	(7,400)	-	-	-	-	7,400
Holiday Pay (<i>Transferred to the Accumulated Absences Reserve</i>)	66	-	-	-	-	(66)
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (<i>These Items are Charged to the Capital Adjustment Account</i>)	146,796	31,150	-	16,580	-	(194,526)
Sub Total – Adjustments to Revenue Resources	172,998	31,112	-	16,580	-	(220,690)
Adjustments Between Revenue and Capital Resources						
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(8,860)	(4,584)	13,444	-	-	-
Administrative Costs of Non-Current Asset Disposals (<i>Funded by a Contribution from the Capital Receipts Reserve</i>)	238	-	(238)	-	-	-
Payments to the Government Housing Receipts Pool (<i>Funded by a Transfer from the Capital Receipts Reserve</i>)	1,666	-	(1,666)	-	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(3,690)	-	3,690	-	-
Statutory Provision for the Repayment of Debt (<i>Transfer from the Capital Adjustment Account</i>)	(7,165)	-	-	-	-	7,165
Capital Expenditure Financed from Revenue Balances (<i>Transfer to the Capital Adjustment Account</i>)	(10,272)	(3,716)	-	-	-	13,988
Sub Total – Adjustments Between Revenue & Capital Resources	(24,393)	(11,990)	11,540	3,690	-	21,153
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	-	(1,910)	-	-	1,910
Use of the Major Repairs Reserve to Finance Capital Expenditure	-	-	-	(21,165)	-	21,165
Application of Capital Grants to Finance Capital Expenditure / Write Down Debt	(36,124)	-	-	-	(1,535)	37,659
Capital Grants Recognised, Not Yet Applied	(10,046)	-	-	-	10,046	-
Use of Resources to Write Down Debt	-	-	(1,704)	-	-	1,704
Receipts Received Relating to Loans/Investments Repaid in Year, Originally Funded From Capital Resources	-	-	80	-	-	(80)
Cash Payments in Relation to Deferred Capital Receipts	-	-	1	-	-	(1)
Sub Total – Adjustments to Capital Resources	(46,170)	-	(3,533)	(21,165)	8,511	62,357
Total Adjustments	102,435	19,122	8,007	(895)	8,511	(137,180)
	MIRS / EFA	MIRS / EFA	MIRS	MIRS	MIRS	MIRS

STATEMENT OF ACCOUNTS 2021/22

Note 3

	Useable Reserves					Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Movement in Unusable Reserves
2020/21 Adjustments	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources						
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:						
Pensions Costs (<i>Transferred to (or from) the Pensions Reserve</i>)	19,880	-	-	-	-	(19,880)
Financial Instruments (<i>Transferred to the Financial Instruments Adjustments Account</i>)	(545)	(38)	-	-	-	583
Dedicated Schools Grant Deficit (<i>Transfers to or from DSG Adjustment Account</i>)	6,533		-	-	-	(6,533)
Council Tax and NDR (<i>Transfers to or from Collection Fund Adjustment Account</i>)	11,333	-	-	-	-	(11,333)
Holiday Pay (<i>Transferred to the Accumulated Absences Reserve</i>)	(525)	-	-	-	-	525
Reversal of Entries Included in the Surplus or Deficit on the Provision of Services in Relation to Capital Expenditure (<i>These Items are Charged to the Capital Adjustment Account</i>)	58,820	20,826	-	16,524	-	(96,170)
Sub Total – Adjustments to Revenue Resources	95,496	20,788	-	16,524	-	(132,808)
Adjustments Between Revenue and Capital Resources						
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(1,505)	(4,584)	5,652	-	-	437
Administrative Costs of Non-Current Asset Disposals (<i>Funded by a Contribution from the Capital Receipts Reserve</i>)	127	-	(127)	-	-	-
Payments to the Government Housing Receipts Pool (<i>Funded by a Transfer from the Capital Receipts Reserve</i>)	1,666	-	(1,666)	-	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(4,625)	-	4,625	-	-
Statutory Provision for the Repayment of Debt (<i>Transfer from the Capital Adjustment Account</i>)	(8,671)	-	-	-	-	8,671
Capital Expenditure Financed from Revenue Balances (<i>Transfer to the Capital Adjustment Account</i>)	(8,554)	(2,599)	-	-	-	11,153
Sub Total – Adjustments Between Revenue & Capital Resources	(16,937)	(11,808)	3,859	4,625	-	20,261
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	-	(3,584)	-	-	3,584
Use of the Major Repairs Reserve to Finance Capital Expenditure	-	-	-	(16,956)	-	16,956
Application of Capital Grants to Finance Capital Expenditure / Write Down Debt	(32,418)	-	-	-	(1,340)	33,758
Capital Grants Recognised, Not Yet Applied	(3,548)	-	-	-	3,548	-
Use of Resources to Write Down Debt	-	-	-	-	-	-
Receipts Received Relating to Loans/Investments Repaid in Year, Originally Funded From Capital Resources	-	-	-	-	-	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	1	-	-	(1)
Sub Total – Adjustments to Capital Resources	(35,966)	-	(3,583)	(16,956)	2,208	54,297
Total Adjustments	42,593	8,980	276	4,193	2,208	(58,250)
	MIRS / EFA	MIRS / EFA	MIRS	MIRS	MIRS	MIRS

STATEMENT OF ACCOUNTS 2021/22

Note 4 – General Fund and Housing Revenue Account Reserves	
Description:	This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans.
Relevant Accounting Policies:	Accounting Policy 26

	Balance at 31 st March 2020	Adj. to Opening Reserves Balance *	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 st March 2021	Transfers Out 2021/22	Transfers in 2021/22	Balance at 31 st March 2022
General Fund:	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Service Earmarked Reserves:</u>								
<u>Children's Directorate:</u>								
School Balances	2,051	-	(2,051)	5,267	5,267	(5,267)	4,844	4,844
Centrally Retained DSG Budgets	(5,224)	5,224	-	-	-	-	-	-
Future Demography / Social Care Pressures	10,000	-	-	6,000	16,000	-	4,000	20,000
Other People Directorate Earmarkings	1,099	-	(1,099)	942	942	(881)	975	1,036
<u>Place Directorate:</u>								
Adult Learning - Grants	618	-	(12)	561	1,167	(95)	-	1,072
Waste Disposal - Transfer Loading Station	348	-	(348)	-	-	-	-	-
Other Place Directorate Earmarkings	4,109	-	(2,367)	1,205	2,947	(857)	2,193	4,283
<u>Adults & Communities Directorate:</u>								
Area Council Funding	1,088	-	(1,088)	1,127	1,127	-	-	1,127
CCG Funding	-	-	-	-	-	-	7,870	7,870
Libraries Review	1,000	-	(1,000)	-	-	-	-	-
Other Communities Directorate Earmarkings	8,243	-	(6,646)	14,529	16,126	(11,647)	5,077	9,556
<u>Public Health Directorate:</u>								
Public Health Earmarkings	1,267	-	(1,267)	1,454	1,454	(602)	1,504	2,356
<u>Core Services Directorate:</u>								
PFI / BSF Programme	6,014	-	(571)	1,836	7,279	(42)	1,154	8,391
Other Core Services Directorate Earmarkings	5,273	-	(515)	681	5,439	(236)	2,508	7,711
<u>Corporate Earmarked Reserves:</u>								
<u>Capital Programme Earmarkings:</u>								
Capital Investment Priorities	46,080	-	(14,341)	20,732	52,471	(10,469)	34,141	76,143
<u>Corporate Earmarkings</u>								
Revenue Investments – 20/21 Budgets	265	-	(4,120)	8,436	4,581	(2,116)	-	2,465
Restructuring Costs	4,869	-	(1,030)	3,067	6,906	(1,168)	4,262	10,000
Insurance Fund Reserve	6,703	-	(554)	-	6,149	-	49	6,198
Invest to Grow	617	-	(91)	-	526	(77)	-	449
Commercial Fund	710	-	(62)	-	648	(94)	-	554
MRP Future Years	6,023	-	-	1,613	7,636	-	3,071	10,707
MTFS 22/23 & 23/24 Mitigation	-	-	-	-	-	-	5,700	5,700

STATEMENT OF ACCOUNTS 2021/22

	Balance at 31 st March 2020	Adj. to Opening Reserves Balance *	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 st March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 st March 2022
General Fund:	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
COVID 19 - Recovery Strategy	1,909	-	-	-	1,909	(956)	-	953
S31 Grant For Business Rate Reliefs (To be Repaid to Government)	6,736	-	-	24,420	31,156	(31,156)	11,388	11,388
Other Corporate Earmarkings	4,077	-	(514)	2,009	5,572	(3,424)	2,181	4,329
Sub Total – G/F Earmarked Reserves	113,875	5,224	(37,676)	93,879	175,302	(69,087)	90,917	197,132
Non-Earmarked Reserves:								
Minimum Working Balances (Contingency for Unforeseen Events)	20,000	-	-	-	20,000	-	-	20,000
In Year Surplus / (Deficit)	-	-	-	-	-	-	-	-
Sub Total – G/F Non-Earmarked Reserves	20,000	-	-	-	20,000	-	-	20,000
Total – General Fund Reserves	133,875	5,224	(37,676)	93,879	195,302	(69,087)	90,917	217,132
Total General Fund Movement			56,203		Balance Sheet	21,830		Balance Sheet
			EFA / MIRS			EFA / MIRS		

* The DSG Adjustment account was a new requirement for 2020/21. The [Movement in Reserves Statement](#) shows the adjustment to the opening balances, in accordance with SI The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations) as amended.

STATEMENT OF ACCOUNTS 2021/22

	Balance at 31 st March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 st March 2021	Transfers Out 2021/22	Transfers In 2021/22	Balance at 31 st March 2022
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Housing Revenue Account:							
Earmarked Reserves:							
Housing Growth	19,228	(2,572)	1,000	17,656	(2,461)	3,362	18,557
Welfare Reform	3,000	(1,000)	-	2,000	-	-	2,000
New Build Bungalows	381	(27)	-	354	(354)	-	-
Held Pending Review of 30 Year Business Plan	874	-	2,269	3,143	(3,008)	-	135
COVID 19 Financial Recovery	590	(590)	-	-	-	-	-
Electrical Testing	552	(156)	-	396	-	-	396
Legionella Testing	92	(92)	-	-	-	-	-
Asbestos Programme	100	(100)	-	-	-	-	-
Floor Replacement Scheme	-	-	-	-	-	470	470
Repairs & Maintenance Slippage	-	-	273	273	(273)	-	-
Investment in Council HRA System	-	-	100	100	-	-	100
Legal Fees	-	-	30	30	-	-	30
Sub Total – HRA Earmarked Reserves	24,817	(4,537)	3,672	23,952	(6,096)	3,832	21,688
Non-Earmarked Reserves:							
Minimum Working Balances (Contingency for Unforeseen Events)	7,000	-	-	7,000	-	-	7,000
In Year Surplus	-	-	-	-	-	155	155
Sub Total – HRA Non-Earmarked Reserves	7,000	-	-	7,000	-	155	7,155
Total – HRA Reserves	31,817	(4,537)	3,672	30,952	(6,096)	3,987	28,843
Total HRA Movement		(865)		Balance Sheet / HRA	(2,109)		Balance Sheet / HRA
		EFA / MIRS			EFA / MIRS		

STATEMENT OF ACCOUNTS 2021/22

Note 5 – Unusable Reserves

Description:	This note provides an analysis of the Council's unusable reserves. These reserves cannot be used to reduce Council Tax or Rents and ordinarily represent statutory accounting requirements.
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31 st March 2020 £000s	31 st March 2021 £000s		31 st March 2022 £000s
(24,780)	(35,182)	Capital Adjustment Account	(133,502)
60	497	Deferred Capital Receipts Reserve	496
(12,057)	(11,473)	Financial Instruments Adjustment Account	(10,889)
(408,352)	(444,961)	Pensions Reserve	(328,247)
(320)	(431)	Financial Instruments Revaluation Reserve	(431)
271,208	352,241	Revaluation Reserve	442,894
(3,007)	(2,482)	Accumulated Absences Account	(2,548)
19,984	8,650	Collection Fund Adjustment Account	16,051
-	(11,757)	DSG Deficit Adjustment Account	(17,946)
(157,264)	(144,898)	Total Unusable Reserves	(34,122)

[Balance Sheet](#)

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 charges for 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 an 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.

Where applicable, the Account will contain accumulated gains and losses on Investment Properties and gains 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 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

[Note 3](#) provides details of the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

2020/21 £000s		2021/22 £000s	2021/22 £000s
(24,780)	Balance at 1st April		(35,182)
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income & Expenditure Statement:		
(79,250)	- Charges for Depreciation & Impairment of Non-Current Assets	(167,071)	
(280)	- Amortisation of Intangible Assets	(267)	
(5,471)	- Revenue Expenditure Funded From Capital Under Statute	(11,346)	
(11,166)	- Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	(15,842)	
(96,167)			(194,526)
11,642	Adjusting Amount Written Out to the Revaluation Reserve		12,697
(84,525)	Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year		(181,829)
	Capital Financing Applied in Year:		
3,584	- Use of the Capital Receipts Reserve to Finance New Expenditure	1,910	
51	- Use of the Capital Receipts Reserve to Write Down Debt Requirement	1,703	
32,419	- Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to Capital Financing / Write Down Debt	36,123	
16,956	- Use of Major Repairs Reserve to Finance New Capital Expenditure	21,166	
1,340	- Application of Grants to Capital Financing From Capital Grants Unapplied Account	1,535	
8,671	- Statutory Provision for the Financing of Capital Investment Charged Against the General Fund & HRA Balances	7,165	
11,153	- Capital Expenditure Charged Against the General Fund & HRA Balances	13,987	
74,174			83,589

STATEMENT OF ACCOUNTS 2021/22

2020/21 £000s		2021/22	
		£000s	£000s
-	Movement in the Market Value of Investment Properties Debited / Credited to the Comprehensive Income & Expenditure Statement	-	
(51)	Receipts Received Relating to Loans, Advances & Investments Made By The Council, Originally Funded From Capital Resources, Thus Reducing The Ongoing Requirement to Borrow	(80)	
(51)			(80)
(35,182)	Balance at 31st March		(133,502)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as useable for financing new capital expenditure until they are received. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2020/21 £000s		2021/22	
		£000s	
60	Balance at 1st April		497
438	Transfer of Deferred Sale Proceeds Credited as Part of the Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	-	
(1)	Transfer to the Capital Receipts Reserve Upon Receipt of Cash	(1)	
497	Balance at 31st March		496

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax. The balance on the Account as at 31st March 2020 will be charged to the General Fund over the next 37 years.

2020/21 £000s		2021/22	
		£000s	£000s
(12,057)	Balance at 1st April		(11,473)
-	Premiums Incurred in the Year & Charged to the Comprehensive Income & Expenditure Statement	-	
584	Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance With Statutory Requirements	584	
584	Amount by Which Finance Costs Charged to the Comprehensive Income & Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements		584
(11,473)	Balance at 31st March		(10,889)

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. The liabilities recognised are updated to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed, as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pension's Reserve therefore shows a substantial shortfall in 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.

STATEMENT OF ACCOUNTS 2021/22

2020/21		2021/22
£000s		£000s
(408,352)	Balance at 1st April	(444,961)
(16,724)	Actuarial Gains or (Losses) on Pensions Assets & Liabilities	144,606
(39,242)	Reversal of Items Relating to Retirement Benefits Debited or Credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income & Expenditure Statement	(47,612)
19,357	Employer's Pensions Contributions	19,720
(444,961)	Balance at 31st March	(328,247)

[CI&ES](#)

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income and expenditure. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; and
- disposed of and the gains are realised.

2020/21		2021/22	
£000s		£000s	£000s
(320)	Balance at 1st April		(431)
-	Upward Revaluation of Investments	-	
(111)	Downward Revaluation of Investments	-	
-	Change in Impairment Loss Allowance	-	
(111)			-
-	Accumulated Gains or Losses on Assets Sold and Maturing Assets Written Out to the Comprehensive Income & Expenditure Statement as Part of Other Investment Income	-	
-	Accumulated Gains or Losses on Assets Sold and Maturing Assets Written Out to the General Fund Balance for Financial Assets Designated to Fair Value Through Other Comprehensive Income	-	
-			-
(431)	Balance at 31st March		(431)

Revaluation Reserve

STATEMENT OF ACCOUNTS 2021/22

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

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

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

2020/21		2021/22	
£000s		£000s	£000s
271,208	Balance at 1st April		352,241
97,958	Upward Revaluation of Assets	113,225	
(3,022)	Downward Revaluation of Assets & Impairment Losses Not Charged to the Surplus / Deficit on the Provision of Services	(5,649)	
(2,259)	Reversal Of Revaluation Loss (Net of Depreciation)	(4,226)	
92,677	Surplus or Deficit on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services		103,350
(7,398)	Difference Between Fair Value Depreciation & Historical Cost Depreciation	(8,520)	
-	Revaluation Reserve Balances of Investment Properties Written Out on Transfer of Asset Category	-	
(4,246)	Accumulated Gains on Assets Sold or Scrapped	(4,177)	
(11,644)	Amount Written Off to the Capital Adjustment Account		(12,697)
352,241	Balance at 31st March		442,894

[CI&ES](#)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2021. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.

2020/21		2021/22	
£000s		£000s	£000s
(3,007)	Balance at 1st April		(2,482)
3,007	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	2,482	
(2,482)	Amounts Accrued at the End of the Current Year	(2,548)	
525	Amount By Which Officer Remuneration Charged to the Comprehensive Income & Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance With Statutory Requirements		(66)
(2,482)	Balance at 31st March		(2,548)

Collection Fund Adjustment Account

STATEMENT OF ACCOUNTS 2021/22

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

2020/21		2021/22
£000s		£000s
19,984	Balance at 1st April	8,650
(11,334)	Amount By Which Council Tax Income Credited to the Comprehensive Income & Expenditure Statement is Different from Council Tax Income Calculated for the Year in Accordance with Statutory Requirements	7,401
8,650	Balance at 31st March	16,051

[Collection Fund](#)

Dedicated Schools Grant Deficit Adjustment Account

The Dedicated Schools Grant Deficit Adjustment Account is a statutory account where the Council must hold its DSG schools deficit, in accordance with amended statutory instrument, The Local Authorities (Capital Finance and Accounting) Regulations 2003, as amended.

2020/21		2021/22
£000s		£000s
-	Balance at 1st April	(11,757)
(5,224)	Reporting of Opening Schools' Budget Deficit	-
(5,224)	Revised Balance at 1st April	(11,757)
(6,533)	Deficit Charged in Year	(6,189)
(11,757)	Balance at 31st March	(17,946)

NOTES PRIMARILY RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

STATEMENT OF ACCOUNTS 2021/22

Note 6 – Expenditure & Income Analysed By Nature

Description:	This note shows the Surplus or Deficit on the Provision of Services within the CI&ES on both a subjective and segmental basis.
Relevant Accounting Policies:	Accounting Policy 2

The Council's expenditure and income is analysed as follows:

Expenditure / Income	2020/21 £000s	2021/22 £000s
Expenditure:		
Employee Benefits Expenses	178,728	193,850
Other Services Expenses	322,868	345,532
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment *	85,005	178,687
Interest Payments	52,755	52,652
Precepts & Levies	414	468
Payments to Housing Capital Receipts Pool	1,666	1,666
Write Out NBV Relating to the Disposal of Assets	11,165	15,841
Total Expenditure	652,601	788,696
Income:		
Fees, Charges & Other Service Income	(133,607)	(143,033)
Interest & Investment Income	(932)	(1,086)
Income From Council Tax & Non-Domestic Rates	(117,470)	(129,599)
Government Grants & Contributions	(398,395)	(399,934)
Sale Proceeds Relating to the Disposal of Assets	(5,962)	(13,208)
Total Income	(656,366)	(686,860)
Surplus or Deficit on the Provision of Services	(3,765)	101,836
	CI&ES	CI&ES

[Note 15](#)

* The increase in Depreciation, Amortisation & Impairments from 2020/21 to 2021/22 mainly relates to the change in valuation basis of the Glassworks Phase 2. This asset was held at 'historic cost' as a non operational, Asset Under Construction at the start of the year. During 2021/22, as it became operational and started to contribute towards the Council's strategic objectives, it was subsequently valued under the 'existing use' methodology in line with the Code of Practice. These charges have no impact on the Council Tax payer as are reversed out of the General Fund Balance in accordance with statutory provisions.

Segmental Expenditure & Income

The table above has been analysed between reporting segments of the Council (Directorates) and the non-directorate specific entries which predominately relates to the adjustments of a corporate nature, not included within the Net Cost of Services.

TOTAL EXPENDITURE	2021/22							TOTAL
	Employee Benefits Expenses	Other Services Expenses	Depreciation, Amortisation Impairment	Interest Payments	Precepts & Levies	Payments to Housing Capital Receipts Pool	Write Out NBV Relating to the Disposal of Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	78,926	75,404	5,581	-	-	-	-	159,911
Place	41,892	45,606	126,161	-	-	-	-	213,659
HRA	345	40,974	40,001	10,267	-	-	-	91,587
Adults & Communities	23,709	77,479	3,672	-	-	-	-	104,860
Public Health	8,539	2,874	-	-	-	-	-	11,413
Core Services	31,688	67,483	3,272	-	-	-	-	102,443
Corporate Services	8,751	11,646	-	32,886	-	-	-	53,283
Exceptional Item – COVID 19	-	24,066	-	-	-	-	-	24,066
Non Directorate	-	-	-	9,499	468	1,666	15,841	27,474
Total	193,850	345,532	178,687	52,652	468	1,666	15,841	788,696

TOTAL INCOME	2021/22
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STATEMENT OF ACCOUNTS 2021/22

	Fees, Charges & Other Service Income	Interest & Investment Income	Income From Council Tax & Non-Domestic Rates	Government Grants & Contributions	Sale Proceeds Relating to the Disposal of Assets	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	(1,578)	-	-	(96,739)	-	(98,317)
Place	(23,128)	(52)	-	(16,183)	-	(39,363)
HRA	(72,817)	(30)	-	(654)	-	(73,501)
Adults & Communities	(16,821)	-	-	(34,302)	-	(51,123)
Public Health	(378)	-	-	(8,265)	-	(8,643)
Core Services	(22,500)	(848)	-	(79,507)	-	(102,855)
Corporate Services	(5,811)	(156)	7,284	(37,325)	-	(36,008)
Exceptional Item – COVID 19	-	-	-	(23,217)	-	(23,217)
Non Directorate	-	-	(136,883)	(103,742)	(13,208)	(253,833)
Total	(143,033)	(1,086)	(129,599)	(399,934)	(13,208)	(686,860)

TOTAL EXPENDITURE (Prior Year Comparator)	2020/21							TOTAL
	Employee Benefits Expenses	Other Services Expenses	Depreciation, Amortisation, Impairment	Interest Payments	Precepts & Levies	Payments to Housing Capital Receipts Pool	Write Out NBV Relating to the Disposal of Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	73,384	66,381	3,862	-	-	-	-	143,627
Place	35,682	40,059	29,765	-	-	-	-	105,506
HRA	836	38,332	33,613	10,512	-	-	-	83,293
Adults & Communities	20,689	68,728	2,728	-	-	-	-	92,145
Public Health	7,682	2,641	-	-	-	-	-	10,323
Core Services	30,201	70,887	14,932	-	-	-	-	116,020
Corporate Services	10,254	2,903	105	32,706	-	-	-	45,968
Exceptional Item – COVID 19	-	32,937	-	-	-	-	-	32,937
Non Directorate	-	-	-	9,537	414	1,666	11,165	22,782
Total	178,728	322,868	85,005	52,755	414	1,666	11,165	652,601

TOTAL INCOME (Prior Year Comparator)	2020/21						TOTAL
	Fees, Charges & Other Service Income	Interest & Investment Income	Income From Council Tax & Non-Domestic Rates	Government Grants & Contributions	Sale Proceeds Relating to the Disposal of Assets		
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	(2,440)	-	-	(93,788)	-	-	(96,228)
Place	(17,796)	(127)	-	(11,760)	-	-	(29,683)
HRA	(72,218)	(108)	-	(275)	-	-	(72,601)
Adults & Communities	(14,408)	-	-	(28,308)	-	-	(42,716)
Public Health	(286)	-	-	(8,080)	-	-	(8,366)
Core Services	(21,177)	(389)	-	(83,167)	-	-	(104,733)
Corporate Services	(5,282)	(308)	(779)	(69,543)	-	-	(75,912)
Exceptional Item – COVID 19	-	-	-	(22,542)	-	-	(22,542)
Non Directorate	-	-	(116,691)	(80,932)	(5,962)	-	(203,585)
Total	(133,607)	(932)	(117,470)	(398,395)	(5,962)	(5,962)	(656,366)

Note 7 – Revenue From Contracts With Service Recipients

STATEMENT OF ACCOUNTS 2021/22

Description:	This note shows the level of revenue received by the Council from its contractual arrangements.
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Amounts included in the Comprehensive Income & Expenditure Statement for contracts with service recipients are as follows:

2020/21 £000s		2021/22 £000s
(107,743)	Revenue From Contracts With Service Recipients	(127,438)
(107,743)	Total Included in Comprehensive Income & Expenditure Statement	(127,438)

There are no amounts included in the Balance Sheet for contracts with service recipients as the material contractual arrangements relate to the specific financial year.

Note 8 – Material Items of Income and Expense & Exceptional Items	
Description:	<p>The first part of this note identifies any material items of income or expense that occurred during 2021/22, defined as any material individual transaction to or from a single vendor or customer.</p> <p>The second part of the note identifies any exceptional items which are items of income or expenditure which are material in net terms, in respect of the Council's overall expenditure and are not expected to recur frequently or regularly.</p>
Relevant Accounting Policies:	Accounting Policy 6

Material Items of Income & Expense

The following items are deemed material to the accounts and are explained below:

COVID

During 2021/22, the Council incurred significant expenditure as a result of the COVID-19 global pandemic, along with a number of significant grants provided by the Government, to fund such expenditure.

These items, which are also classed as exceptional items, are shown on the face of the [Comprehensive Income & Expenditure Statement](#) and explained in further detail below.

Exceptional Items

These exceptional items are exceptional under the definition and do have a material net effect on the Council's statements:

COVID Expenditure and Specific COVID Related Grants

As a result of the COVID-19 pandemic, the Government announced multiple support packages to fund the financial challenges presented to local authorities during the latter part of 2019/20 and both the full 2020/21 and 2021/22 financial years respectively. Where grants were provided for a specific purpose, these are accounted for, in accordance with the Code of Practice, in the Net Cost of Services within the [Comprehensive Income & Expenditure Statement](#), together with the associated expenditure.

The Council incurred COVID related costs totalling £24.1M during 2021/22 (£33.2M in 2020/21), broken down as follows:

Area of Spend	Value £M	Description
Infection Control	7.4	Support to the Council's care providers for staffing, PPE and outbreak control
Test and Trace / Outbreak Control	3.2	Provision of intervention to prevent outbreaks across the borough including marketing and communication
Household Support / Support to Vulnerable	8.4	Support to individuals and families required to self-isolate / financial support for council tax.
Additional Social Care	0.3	Additional costs relating to Social Care
Waste	1.2	Additional costs of waste collection due to people being at home as well as social distancing measures at waste recycling sites
Business Support	1.5	Provision of support to businesses in the Borough
Other Recovery	1.8	Cost of security and cleaning to safely open public buildings
Other	0.3	

STATEMENT OF ACCOUNTS 2021/22

Area of Spend	Value £M	Description
Total	24.1	

The Council accounted for specific grants and income totalling £23.217M during 2021/22 (£22.542M in 2020/21). The £23.217M above includes other contributions / income that are not accounted for as grants, totalling £0.985M. A breakdown of the grants, totalling £23.232M is provided in [Note 15](#) to these accounts.

General COVID Related Grants

Where such grants were accounted for during the year, that had no restrictions and were therefore deemed as general grants, these grants have been accounted for within the Taxation and Non Specific Grant Income section of the [Comprehensive Income & Expenditure Statement](#).

The Council accounted for £8.215M during 2021/22 (£19.459M in 2020/21). A breakdown of these grants is provided in [Note 15](#) to these accounts.

The Council Acting as an Agent on Behalf of The Government

In addition to the above, where the Council has been deemed to be acting as an agent on behalf of the Government, where the Council facilitates the payments but has no discretion in terms of what the payments should be and who they are to be made to, these payments and associated grant funding are accounted for as non-Council spend and income, in accordance with the Code. The balance of payments / receipts is shown as a creditor / debtor to The Government on the Council's Balance Sheet representing monies owed back to the Government (creditor) or monies owed to the Council (debtor).

The Council recognised a creditor totalling £16.050M and a debtor totalling £1.806M in 2021/22 (£4.480M creditor / £nil debtor in 2020/21), the table shows the composition of these positions.

As At 31 st March 2021					As At 31 st March 2022			
Payments Made £000s	Grant Received £000s	Net Debtor £000s	Net (Creditor) £000s		Payments Made £000s	Grant Received £000s	Net Debtor £000s	Net (Creditor) £000s
30,520	(30,520)	-	-	BEIS Business Support Grant	-	-	-	-
19,646	(23,828)	-	(4,182)	Local Restrictions Grant	376	(453)	-	(77)
384	(458)	-	(74)	Test and Trace Payments	992	(814)	178	-
4,232	(4,456)	-	(224)	Additional Restrictions Grant	1,125	(1,295)	-	(170)
-	-	-	-	Restart Grant	11,648	(10,020)	1,628	
-	-	-	-	Council Tax Rebate 22/23	-	(15,803)	-	(15,803)
54,782	(59,262)	-	(4,480)	Total	14,141	(28,385)	1,806	(16,050)

School Academy Conversions

Where a maintained school transfers to Academy status, the Council's assets are leased to the respective academy trust. In accounting terms, the academy trust controls these assets; therefore, the transfer is accounted for as a disposal (see arrangements at [Note 25](#)). The amounts written out of the Council's Balance Sheet are as follows:

2021/22	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total
Assets Relating To:	£000s	£000s	£000s
Milefield Primary	2,920	-	2,920
Total	2,920	-	2,920

[CI&ES](#)

2020/21	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total
Assets Relating To:	£000s	£000s	£000s
Athersley South Primary	2,599	-	2,599
Dearne Goldthorpe Primary	4,170	-	4,170
Total	6,769	-	6,769

[CI&ES](#)

These exceptional items are presented within the 'Other Operating Income & Expenditure' section of the [Comprehensive Income & Expenditure Statement](#).

STATEMENT OF ACCOUNTS 2021/22

Note 9 – Trading Operations

Description:

This note outlines the Council's trading units which operates in a commercial environment by charging service users or internal customers.

Details of those units are as follows:

2020/21		Trading Service	2021/22	
£000s	£000s		£000s	£000s
(1,221) 717	(504)	Waste & Recycling	Turnover Expenditure (1,458) 869	(589)
			(Surplus)/Deficit	
(13,208) 10,702	(2,506)	Engineering Services	Turnover Expenditure (14,639) 11,001	(3,638)
			(Surplus)/Deficit	
(4,372) 9,947	5,575	Building Services	Turnover Expenditure (9,569) 15,236	5,667
			(Surplus)/Deficit	
(3,093) 4,847	1,754	Fleet Services	Turnover Expenditure (3,802) 5,637	1,835
			(Surplus)/Deficit	
(1,428) 2,651	1,223	Schools Catering	Turnover Expenditure (2,933) 3,023	90
			(Surplus)/Deficit	
(3,440) 1,690	(1,750)	Cemetery, Crem, Mortuary	Turnover Expenditure (3,214) 1,770	(1,444)
			(Surplus)/Deficit	
(138) 822	684	Markets	Turnover Expenditure (822) 958	136
			(Surplus)/Deficit	
(1,903) 3,743	1,840	Neighbourhood Services	Turnover Expenditure (2,112) 4,220	2,108
			(Surplus)/Deficit	
(4,241) 5,805	1,564	The Consolidated Results of the Other Trading Units	Turnover Expenditure (4,793) 5,561	768
			(Surplus)/Deficit	
(33,044) 40,924		TOTALS	Turnover Expenditure (43,342) 48,275	
7,880		Net (Surplus) / Deficit on Trading Operations		4,933

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some are an integral part of the Council's services to the public (e.g. refuse collection), whilst others are support services to those services (e.g. Information Services). The internal expenditure of these operations is allocated or recharged to headings in the Net Cost of Services. Only a residual amount of the net surplus / deficit on trading operations is charged as Financing and Investment Income and Expenditure (see [Comprehensive Income & Expenditure Statement](#)) relating to trading with external organisations:

2020/21 £000s		2021/22 £000s	
7,880	Net Deficit on Trading Operations	4,933	
2,587	Services to the Public Included in the Net Cost of Services	2,746	
(10,119)	Support Services Reported in the Net Cost of Services	(8,476)	
348	Net Deficit / (Surplus) Posted to Financing & Investment Income & Expenditure	(797)	CI&ES

STATEMENT OF ACCOUNTS 2021/22

Note 10 – Impairment / Revaluation Losses

Description:	The Comprehensive Income & Expenditure Statement is charged with any revaluation / impairment losses, over and above the balance on the revaluation reserve. These charges are reversed out and have no impact on the Council Tax payer as per statute.
Relevant Accounting Policies:	Accounting Policy 8

During 2021/22, the Council has recognised impairment / revaluation losses of £130.324M (£44.437M in 2020/21) through the Comprehensive Income & Expenditure Statement as shown below:

2020/21 £000s	Asset Categories:	2021/22 £000s
	Charged to Net Cost of Services:	
17,096	Council Dwellings	22,724
28,541	Other Land & Buildings *	107,647
(1,168)	Surplus Assets	(14)
(32)	Assets Held for Sale	(33)
44,437	Total Charged to Net Cost of Services	130,324
	Charged to Financing & Investment Income & Expenditure:	
-	Investment Properties	-
-	Total Charged to Financing & Investment Income & Expenditure	-
44,437	Total Charged to Comprehensive Income & Expenditure Statement	130,324

* The significant increase in revaluation losses being charged to the Net Cost of Services in 2021/22 relates to the transfer of assets from Assets Under Construction to Operational Land & Buildings as these assets became operational during 2021/22. The change in asset category also means a change in valuation methodology which has resulted in these charges in 2021/22.

Note 11 – Pooled Budgets

Description:	Pooled Budgets are non-entity arrangements where two or more bodies contribute towards achieving a joint set of outcomes. This note describes the arrangements that the Council is party to in respect of pooled budgets.
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Children & Young People Service Aligned Budget Arrangement

The Council has continued with the Children & Young People service aligned budget arrangement with Barnsley Clinical Commissioning Group (BCCG) which applies the flexibilities under Section 75 of the NHS Act, through a formal partnership agreement, hosted by the Council.

The aligned budget arrangement has been subsumed within the Children's Trust arrangement and is managed by the Executive Commissioning Group (ECG), which is a sub-body of the Trust Executive Group (TEG).

The ECG, on behalf of the TEG, agrees the respective aligned budgets of both organisations and the funding allocations for the provision of integrated social & community health care services.

2020/21 £000s		People Directorate £000s	Revenue Account £000s	2021/22 £000s
	Value of Aligned Budgets:			
(4,814)	Opening Balance at 1 st April	(3,120)	-	(3,120)
(34,790)	BCCG	(34,409)	-	(34,409)
(39,604)	Total	(37,529)	-	(37,529)
	Value of Commissioned Services:			
1,656	SWYPFT*	35,422	-	35,422
35,792	Barnsley MBC	1,696	-	1,696
2,156	BCCG	411	-	411
(1,665)	Balance on Revenue Account	-	4,006	4,006
37,939	Total	37,529	4,006	41,535
(1,665)	Balance as at 31st March	-	4,006	4,006

*SWYPFT – South & West Yorkshire Partnership Foundation Trust.

2020/21 £000s		2021/22 £000s
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STATEMENT OF ACCOUNTS 2021/22

(1,208)	Distribution of Over / (Under) Spend:	(35)
(457)	BCCG	4,041
(1,665)	Total	4,006

Income & Expenditure Account

2020/21 £000s		2021/22 £000s
-	Income from Pooled Budget:	-
(39,604)	Balance Brought Forward	37,529
	Pooled Budget Income	-
	Other Funding	-
(39,604)	Total	37,529
	Provider Expenditure:	
948	Barnsley CCG	376
35,450	Barnsley MBC (CYP&F / PH)	39,578
1,541	SWYPFT	1,581
37,939	Total	41,535
(1,665)	Over / (Under) Spend	4,006
-	Ring-Fenced & Carried Forward	-
(1,665)	NET EXPENDITURE	4,006

Governance Arrangements

The changing architecture of the NHS, particularly with the demise of the PCT has led to some changes in the Children Services partnership arrangements in Barnsley. The decision was made in 2013/14 to move from a pooled budget arrangement to one of alignment, underpinned by principles of partnership working and service integration at point of delivery. From a financial viewpoint, the move to aligned budgets does not pose any significant financial risk to the Council as the funding / budget arrangement in the past is clearly separated and reflects the statutory functions of both organisations. The following are some of the structural changes to the arrangements:

1. BMBC will continue to act as the lead commissioner for all community health services (on behalf of the NHS Barnsley Clinical Commissioning Group (CCG)).
2. Children's community health services are delivered by South West Yorkshire Partnership NHS Foundation Trust (SWYPFT) under contract with clear accountability (in terms of performance and clinical risk) to the CCG for delivering improved outcomes. These health services include Children and Adolescent Mental Health Services (CAMHS), Children's Therapy (including physiotherapy, occupational and speech & language therapies), etc.

The Better Care Fund Pooled Arrangement

The CCG has entered into a 'pooled' budget arrangement with Barnsley Metropolitan Borough Council (BMBC) with effect from 1 April 2015. The aims of the BCF are to improve outcomes for the population of Barnsley by improving integration of health and social care services. This was underpinned by a Section 75 agreement between the commissioners. Governance arrangements are in place through the Barnsley Health and Wellbeing Board. The CCG is the host organisation of the pooled arrangement during the 2021/22 financial year.

A summary of the pooled budget is shown below:

2020/21 £000s	<u>BCF Pooled Account</u>	2021/22 £000s
-	Balance as at 1st April	
	Contribution to the BCF Pool:	
(20,736)	Barnsley Clinical Commissioning Group	(22,844)
(16,432)	Barnsley Metropolitan Borough Council	(16,432)
(37,168)	Total	(39,276)
	Value of Commissioned Services:	
27,610	Barnsley Clinical Commissioning Group	29,208
9,558	Barnsley Metropolitan Borough Council	10,068

STATEMENT OF ACCOUNTS 2021/22

37,168	Total	39,276
-	Balance as at 31 st March	

Explanation of Above Tables

- **Value of Aligned Budgets** – Represents the resources made available by both organisations to the arrangement from which services are commissioned.
- **Value of Commissioned Services** – Represents the value of the various services commissioned from the arrangement or pool resources and forms the budget figures against the individual client groups in the Income and Expenditure Account. This table also brings in any over or under-spends from the Income and Expenditure Account.
- **Balance at 31st March** – Represents the net shortfall of funding across the pool, based on actual expenditure incurred against the resources made available by both organisations.
- **Distribution of Overspend** – Represents the additional contribution required from both organisations in order to fund the over-spend and hence balance the pool.
- **Income and Expenditure Account** – Represents the value of services commissioned from the pool (budget) and the actual costs incurred by the providers in delivering those services, resulting in a net over / underspend across the pool. This net over / underspend is reflected in the Services Commissioned from Pooled Budget table.

Note 12 – Members' Allowances

Description:	This note shows the cost to the Council of its elected Members.
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The Council paid the following amounts to members of the Council during the year:

2020/21 £000s		2021/22 £000s
719	Basic Allowances	744
257	Special Responsibility Allowances	267
10	Expenses	12
986	Total	1,023

Note 13 – Officers' Remuneration & Exit Packages

Description:	<p>This note shows:</p> <ul style="list-style-type: none"> • The Senior Executive Officers remuneration; • An analysis of other Council employees with remuneration of greater than £50k; • The cost to the Council of exit packages given.
Relevant Accounting Policies:	Accounting Policy 9

The table below sets out the remuneration disclosures for Senior Executive Officers of the Council (as defined in Local Authority Accounting Panel Bulletin 85):

Post	2021/22				
	Remuneration	Redundancy / Severance	Expenses / Allowances	Total Direct Remuneration	Pension Contributions *
	£000s	£000s	£000s	£000s	£000s
Sarah Norman - Chief Executive	183	-	-	183	30
Executive Director – Childrens Services	131	-	-	131	21
Executive Director – Place A	106	-	-	106	17
Executive Director – Adults & Communities	131	-	-	131	21
Executive Director – Public Health	121	-	-	121	5
Executive Director – Core Services	135	-	-	135	22
Service Director – Finance – Chief Financial Officer (S151 Officer)	99	-	-	99	13

* Pension contributions are paid on behalf of the officer, as opposed to paid directly to the officer.

Explanatory Notes:

A Post holder left their post on 31st January 2022

STATEMENT OF ACCOUNTS 2021/22

Post	2020/21				
	Remuneration	Redundancy / Severance	Expenses / Allowances	Total Direct Remuneration	Pension Contributions *
	£000s	£000s	£000s	£000s	£000s
Sarah Norman - Chief Executive	180	-	11	191	29
Rachel Dickinson - Executive Director – People A	37	125	-	162	6
Executive Director – Childrens Services B	118	-	-	118	19
Executive Director – Place	128	-	-	128	21
Executive Director – Adults & Communities	128	-	-	128	21
Executive Director – Public Health	127	-	-	127	18
Executive Director – Core Services C	21	-	-	21	3
Executive Director – Core Services D	112	-	-	112	18
Service Director – Finance – Chief Financial Officer (S151 Officer)	98	-	-	98	16

* Pension contributions are paid on behalf of the officer, as opposed to paid directly to the officer.

Explanatory Notes:

- A** Post holder left their post on 30th June 2020
B Post holder commenced employment in this role on 1st May 2020
C Post holder left their post on 31st May 2020
D Post holder commenced employment on 19th May 2020.

The number of other employees whose remuneration, excluding pension contributions, was £50,000 or more, in bands of £5,000, is shown in the table below. The total number of employees falling within the various bands is affected by termination / redundancy payments made to certain employees who left the Council during the year (in accordance with the Authority and Pension Authority's retirement schemes).

Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.)		Remuneration Only	Remuneration Band	Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.)		Remuneration Only
2020/21 Council Officers Total	2020/21 Schools Total	2020/21 Council Officers Total		2021/22 Council Officers Total	2021/22 Schools Total	2021/22 Council Officers Total
45	18	46	£50,000 - £54,999	49	25	49
21	13	20	£55,000 - £59,999	17	13	16
25	10	25	£60,000 - £64,999	20	9	20
12	7	10	£65,000 - £69,999	14	12	14
15	7	11	£70,000 - £74,999	6	11	7
8	4	8	£75,000 - £79,999	14	3	13
8	-	7	£80,000 - £84,999	10	-	10
1	1	2	£85,000 - £89,999	1	-	1
2	1	4	£90,000 - £94,999	2	-	2
10	-	10	£95,000 - £99,999	7	-	7
-	1	-	£100,000 - £104,999	5	1	5
1	-	1	£105,000 - £109,999	-	-	-
-	-	-	£110,000 - £114,999	1	-	2
1	-	-	£115,000 - £119,999	-	-	-
1	-	-	£120,000 - £124,999	-	-	-
1	-	-	£125,000 - £129,999	-	-	-
1	-	-	£130,000 - £134,999	-	-	-
-	-	-	£175,000 - £179,999	1	-	-
152	62	144		147	74	146

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

STATEMENT OF ACCOUNTS 2021/22

Exit Package Cost Band	Number of Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	£000s	£000s
£0 - £20,000	19	8	3	7	22	15	230	180
£20,001 - £40,000	14	2	-	1	14	3	368	68
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	1	-	1	-	66
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total Number of Exit Packages	33	10	3	9	36	19		
Total Cost Included In Bandings							598	314
Add: Amounts Provided For in CI&ES Not Included In Bandings							-	-
Total Cost Included In The CI&ES							598	314

The exit packages relating to Senior Officers are not included in the exit packages table above as they are shown in the Senior Officers table.

Note 14 – External Audit Costs

Description: This note shows the cost to the Council of services provided by external audit.

2020/21 £000s		2021/22 £000s
180	Fees Payable for External Audit Services Carried Out by the Appointed Auditor for the Year (Year End Accounts / VfM)	180
-	Additional Fees Payable for External Audit Services Carried Out by the Appointed Auditor for the Year - Agreed by PSAA	-
33	Fees Payable for the Certification of Grant Claims and Returns carried out by the Appointed Auditor for the Year	45
213	Total	225

The Council's appointed external auditor for 2020/21 and 2021/22 was Grant Thornton UK LLP. The above table shows the cost of the audit services in respect of external audit work relating to both financial years. In practice, due to when the work is undertaken by the auditors, these costs can be charged in different financial years to the one in which their work relates.

Note 15 – Grant Income Recognised Through The Comprehensive Income & Expenditure Statement

Description: Grants are recognised through the Comprehensive Income & Expenditure Statement when the specific conditions of the grants are satisfied. This note details these grants in respect of the Council.

Relevant Accounting Policies: [Accounting Policy 12](#)

All specific income relating to grants, contributions and donations that are significant in value are listed individually in the table below:

2020/21 £000s		2021/22 £000s
(12,954)	Credited to Taxation & Non-Specific Grant Income	(13,026)
(32,735)	Revenue Support Grant	(32,735)
(19,459)	Business Rates Retention Scheme – Top Up Grant	(8,215)
(24,924)	COVID-19 – General Grants (See Table Below)	(15,555)
(32,205)	Section 31 Grant	(39,498)
(3,761)	Capital Grants	(6,672)
	Capital Contributions	
(126,038)	Total Credited to Taxation & Non-Specific Grant Income	(115,701)
	Credited to Services	
(47,095)	Housing Benefit Subsidy	(43,689)
(83,521)	Dedicated Schools Grant	(88,824)
(32,195)	PFI Grant	(32,195)
(4,153)	New Homes Bonus	(2,410)

STATEMENT OF ACCOUNTS 2021/22

2020/21 £000s		2021/22 £000s
(17,063)	Public Health Grant	(18,237)
(11,179)	Better Care Fund	(11,776)
(11,817)	Improved Better Care Fund	(13,055)
(7,793)	Adult Social Care Support Grant	(10,130)
(22,307)	COVID-19 – Specific Grants (See Table Below)	(23,232)
(26,667)	Other Grants	(26,590)
(8,567)	Other Contributions	(14,095)
(272,357)	Total Credited to Services	(284,233)
(398,395)	Total Credited to The Comprehensive Income & Expenditure Statement	(399,934)

2020/21 £000s	<u>COVID Related Grants</u>	2021/22 £000s
	Credited to Taxation & Non-Specific Grant Income	
(14,811)	Local Authority Support Grant	(7,835)
(816)	Taxation Losses Compensation Grant	-
(3,832)	Fee & Charges Income Losses Compensation Grant	(380)
(19,459)	Total Credited to Taxation & Non-Specific Grant Income	(8,215)
	Credited to Services	
-	Additional Relief Fund	(3,930)
(5,056)	Contain Outbreak Control Management	(3,596)
(5,325)	Infection & Prevention Control	(2,731)
-	Workforce Recruitment & Retention	(2,387)
-	DWP Household Support Grant	(2,351)
(752)	Lateral Testing	(1,626)
(348)	Test & Trace Payments - Discretionary Element	(1,449)
-	DWP Local Support Grant	(1,113)
(475)	Outbreak Control	(1,094)
-	Practical Support	(741)
(136)	Test & Trace Administration	(360)
-	Omicron Support	(310)
-	ERDF Re-opening High Streets	(309)
-	Add/New Burden Funding	(307)
(652)	SCR Additional Restrictions Grant – Discretionary Element	(306)
-	ERDF Restart & Recovery Grants	(286)
(318)	Community Testing	(194)
-	Community Champion	(96)
(845)	Clinically Extremely Vulnerable	(30)
(2,630)	Hardship Fund	(16)
(2,166)	BEIS Business Support Grant – Discretionary Element	-
(339)	BEIS Additional Restrictions Grant - Discretionary Element	-
(156)	COVID Marshalls	-
(172)	Next Steps Accommodation	-
(760)	SCR Enterprise Grant	-
(351)	Welfare Emergency Assistance Grant	-
(619)	Workforce Capacity Fund	-
(1,207)	Winter Grant Scheme	-
(22,307)	Total Credited to Services	(23,232)
(41,766)	Total Credited to The Comprehensive Income & Expenditure Statement	(31,447)

STATEMENT OF ACCOUNTS 2021/22

Note 16 – Dedicated Schools Grant (DSG)

Description:

The Dedicated Schools Grant is a grant given to local education authorities from the Department for Education. This note details the level of Dedicated Schools Grant that the Council is in receipt of.

DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Over and under spends on the two elements are required to be accounted for separately.

Details of the deployment of DSG receivable are as follows:

2020/21		2021/22		
Total		Central Expenditure	Individual Schools' Budget (ISB)	Total
£000s		£000s	£000s	£000s
(204,226)	Final DSG for Year Before Academy Recoupment			(221,090)
120,484	Academy Figure Recouped for Year			132,008
(83,742)	Total DSG After Academy Recoupment			(89,082)
58	In Year Adjustments	(212)	354	142
(83,684)	Final Budgeted Distribution For Year	(26,847)	(62,093)	(88,940)
29,686	Less: Actual Central Expenditure	33,036		33,036
60,531	Less: Actual ISB Deployed To Schools		62,093	62,093
-	Plus: Council Contribution For Year	-	-	-
6,533	In Year Carry Forward To Following Year	6,189	-	6,189
	Analysis of DSG Unusable Reserve:			
5,224	Opening Balance			11,757
6,533	In Year Deficit			6,189
11,757	Closing Balance			17,946

The Council updated the DSG Management Plan to reflect changes in costs and funding assumptions following the Government's announcement on schools' funding in October 2021. The proposed actions to bring spend to a sustainable level will also be reviewed in light of latest discussion with schools and partners and was submitted in November 2021. The Council will be reporting performance against the DSG Management Plan through its governance process i.e. SEND Oversight Board, Senior Management Team, Cabinet as well as the Audit & Governance Committee going forward.

Note 17 – Related Parties

Description:

This note explains the relationships that the Council is party to including companies that the Council has an interest in.

Relevant Accounting Policies:

[Accounting Policy 15](#) / [Accounting Policy 18](#)

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

The Public Sector

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions with other parties (e.g. Council Tax bills, housing benefits). Grants received from Government Departments are set out in the subjective analysis in [Note 6](#). Grant receipts outstanding at 31st March 2021 are shown in [Note 33](#) and Grants recognised through the Comprehensive Income & Expenditure statement during the year are shown in [Note 15](#).

STATEMENT OF ACCOUNTS 2021/22

Local Authorities

All local authorities are subject to common control by Central Government. They often work in partnership with each other to provide services to the public. The Council has several specific relationships / partnerships with different local authorities including where it is a member of a City Region and other joint authorities such as South Yorkshire Fire & Rescue Authority, South Yorkshire Police & Crime Commissioner, and South Yorkshire Pensions Authority.

NHS Bodies

The Council has pooled budget arrangements with NHS Barnsley Clinical Commissioning Group (CCG) for both the provision of Children's Care Services within Barnsley and the Better Care Fund (BCF). Transactions and balances outstanding specifically related to the pooling arrangements are detailed in [Note 11](#).

Related Individuals

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2021/22 is shown in [Note 12](#).

During 2021/22, no material works, or services were commissioned from companies with which a Member had an interest.

Senior Officers

Senior Officers within the Council's Senior Management Team (SMT) are responsible for ensuring that policies approved, and decisions made by members are implemented effectively. The remuneration of senior officers is shown in [Note 13](#).

During 2021/22, no senior officers of the Council have declared a material interest in any companies.

Subsidiaries

The Council has interests in a number of wholly owned subsidiaries, details of which are shown below:

Berneslai Homes Ltd

Berneslai Homes Ltd is an Arm's Length Management Organisation responsible for managing homes on behalf of the Council. Specifically, it is responsible for managing all the landlord services for the Council's 18,264 homes including rent collection, arrears recovery, repairs and maintenance, dealing with empty properties and all tenancy matters. Berneslai Homes Ltd is an independent company committed to working in partnership with the Council and the communities in which it works to deliver high quality housing services to local people. The company came into existence in December 2002 and is a wholly owned subsidiary of the Council but overseen by a Board of Directors rather than a Committee of the Council.

The Council guarantees the full amount of the pension fund deficit of Berneslai Homes. The actuary has assessed this deficit at £25.716M as at 31st March 2022 (£39.626M as at 31st March 2021). However, as the Council considers it unlikely that this guarantee will be exercised, the £25.716M is disclosed as a contingent liability in the Council's own accounts.

The Council's [group accounts](#) consolidate Berneslai Homes' financial position into the overall group position.

Berneslai Homes' accounting year is the same as the Council's (April – March).

The latest two sets of Berneslai Homes' financial statements are summarised below:

<u>Profit / Loss Account:</u>	2020/21 (Restated) £000s	2021/22 £000s
Income	(33,277)	(39,285)
Expenditure	39,147	44,665
(Profit) / Loss	5,870	5,380
Actuarial (Gain) / Loss on Pension Scheme	3,922	(18,921)
Total Comprehensive (Income) / Expenditure for the Year	9,792	(13,541)

STATEMENT OF ACCOUNTS 2021/22

<u>Balance Sheet:</u>	2020/21 (Restated) £000s	2021/22 £000s
Assets	15,571	15,794
Liabilities	(43,378)	(30,059)
Net Assets	(27,807)	(14,265)
Retained Surplus / (Deficit)	11,819	11,451
Pension Deficit	(39,626)	(25,716)
Net Reserves	(27,807)	(14,265)

An analysis of both Berneslai Homes' income and expenditure for the accounting periods above and asset and liability balances at the end of those accounting periods is shown in the table below, specifically showing:

- Of the income and expenditure amounts above, the amounts that relate to the Council; and
- Of the assets and liabilities position above, the amounts that relate to the Council.

<u>Related Party Transactions:</u>	2020/21 (Restated) £000s	2021/22 £000s
Income	(32,437)	(39,495)
Expenditure	998	1,022
Assets	5,257	3,290
Liabilities	(32)	(652)

STATEMENT OF ACCOUNTS 2021/22

Joint Ventures

The Council holds shareholdings in several joint ventures but does not hold overall control of those entities. The tables below show the individual entities, their financial performance and the relationship with the Council. The figures represent the latest two sets of accounts lodged with Companies House.

Organisation	Oakwell Community Assets Ltd (OCAL)		Burleigh Court (Barnsley) Management Ltd		Barnsley Estates Partnership Ltd	
Incorporation Date	30 th September 2003		20 th May 1992		23 rd June 2003	
Council Share	50% of the share capital of the company		Ownership of shares – More than 25% but not more than 50%		10% of the share capital of the company	
Nature of the Activities	The purchase of land and buildings at Oakwell which are subsequently leased to Barnsley Football Club 2002 Ltd		Residents' property management		To provide management services to its subsidiaries, Barnsley Community Solutions Limited (Tranches 1, 2 and 3)	
Financials (P&L):	2019/20	2020/21	2019	2020	2019	2020
Income	(138)	(150)	(9)	(4)	(3,749)	(1,204)
Expenditure	57	34	9	4	3,610	1,082
(Profit) / Loss	(81)	(116)	0	0	(139)	(122)
Financials (Bal. Sheet):	2019/20	2019/20	2019	2020	2019	2020
Assets	5,955	5,509	61	64	5,442	5,386
Liabilities	(1,636)	(1,074)	(61)	(64)	(5,201)	(5,023)
Net Assets	4,319	4,435	-	-	241	363
Reserves	4,319	4,435	-	-	241	363
Total Reserves	4,319	4,435	-	-	241	363

Organisation	Barnsley Local Education Partnership Ltd		Modern Schools Barnsley		BDR (Property) Limited		Municipal Bonds Agency	
Incorporation Date	11 th March 2009		14 th October 2004		3 rd May 1998		3 rd June 2014	
Council Share	10% of the share capital of the company		Has significant influence on the company		6.66% of the share capital of the company		£0.010M shareholding	
Nature of the Activities	The construction and operations of 3 schools in the Barnsley area and ICT services on 11 schools		Finance, design, develop, construct and then maintain and part operate thirteen schools		Management of the joint Waste disposal at Manvers		To provide the Local Government bodies an alternative for borrowing	
Financials (P&L):	2020	2021	2019	2020	2019	2020	2019	2020
Income	(2,896)	(3,404)	(7,912)	(7,965)	(38)	(2,004)	(107)	(207)
Expenditure	2,734	3,386	7,542	7,319	1,969	677	372	809
(Profit) / Loss	(162)	(18)	(370)	(646)	1,931	(1,327)	265	602
Financials (Bal. Sheet):	2020	2021	2019	2020	2019	2020	2019	2020
Assets	4,769	4,596	24,967	23,752	-	1,892	25	781
Liabilities	(4,316)	(4,125)	(28,322)	(26,461)	(659)	(1,224)	(142)	(1,500)
Net Assets	453	471	(3,355)	(2,709)	(659)	668	(117)	(719)
Reserves	453	471	(3,355)	(2,709)	(659)	668	(117)	(719)
Total Reserves	453	471	(3,355)	(2,709)	(659)	668	(117)	(719)

STATEMENT OF ACCOUNTS 2021/22

Arrangements Where The Council Is Trustee

Barnsley Business and Innovation Centre Limited

The company began trading in 1987. The main activities of the company are to offer flexible managed work space to businesses together with targeted business support. The private company is jointly owned by the Council and GLE Enterprise Partners Ltd and is limited by guarantee without share capital.

Enquiries regarding obtaining copies of the accounts should be made to BBIC, Innovation Way, Wilthorpe Road, Barnsley, South Yorkshire, S75 1JL

Barnsley Premier Leisure

The charity began trading in 1999. The main activities of the charity are to provide or assist in the provision of facilities for recreation or other leisure time occupation for the general public. The charitable company has a board of trustees made up of 15 members of which the Council is one.

Enquiries regarding obtaining copies of the accounts should be made to The Metrodome Leisure Complex, Queens Road, Queens Ground, Barnsley, South Yorkshire, S71 1AN

Penistone Grammar School Foundation Trust

The charity was originally incorporated in 1957 but started operating on 24th August 1965. The main activities of the charity are to give grants to individuals or organisations that benefit the ancient Parish of Penistone. The Council is the only trustee of the charity with 7 volunteers making up the rest of the board.

The accounts of Penistone Grammar School Foundation Trust are incorporated in the Council's [Group Accounts](#).

Enquiries regarding obtaining copies of the accounts should be made to Barnsley MBC, Financial Services, PO Box 14, Level 3, Westgate Plaza, Barnsley, S70 2AQ

Joint Arrangements:

Waste Private Finance Initiative (PFI)

BDR is a partnership of Barnsley, Doncaster and Rotherham councils that jointly manage waste generated in the three boroughs. The Partnership secured PFI funding from Central Government towards a new facility to deal with treatment of leftover household waste, turning it into a valuable resource rather than sending to landfill. The facility at Bolton Road, Manvers, Rotherham is part of a further partnership of BDR, Renewi and Scottish Southern Energy (3SE) which became operational in July 2015. This arrangement is explained further in [Note 26](#).

Other Arrangements:

Agency Arrangements

The Council also acts as an agent for other Government departments, local precepting authorities and Local Parish Councils, in the collection of Council Tax and National Non-Domestic Rates. The expenditure incurred and income received in relation to these arrangements is shown within the [Collection Fund Statement](#).

NOTES PRIMARILY RELATING TO THE BALANCE SHEET

Note 18 – Events After The Balance Sheet Date

Description:	This note explains any significant event that occurs following the balance sheet date.
Relevant Accounting Policies:	Accounting Policy 10

The Statement of Accounts was submitted to the Council's External Auditors by the Section 151 Officer, the Service Director for Finance, on 31st July 2022. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31st March 2022, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

STATEMENT OF ACCOUNTS 2021/22

Note 19 – Property, Plant and Equipment

Description:	Property, Plant & Equipment are assets that the Council uses to provide services to the public. This note shows the value and movement in those assets together with the valuation methodology.
Relevant Accounting Policies:	Accounting Policy 21

2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Surplus Assets	Total	PFI Assets included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation:								
At 1st April 2021	663,395	303,183	15,924	399,265	107,118	1,773	1,490,658	38,752
Additions / Enhancements	51	13,893	1,327	23,065	5,610	-	43,946	-
Additions / Enhancements – Non-Value Adding	22,680	16,059	-	481	-	-	39,220	-
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	56,445	2,623	-	-	-	491	59,559	(197)
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	-	(91,588)	-	-	-	14	(91,574)	(32)
Impairments – Non-Value Adding Expenditure	(22,680)	(16,059)	-	(481)	-	-	(39,220)	-
De-recognition – Disposals	(7,684)	(3,739)	(2,358)	(889)	-	(36)	(14,706)	-
Assets Reclassified (To) / From Held for Sale	-	10	-	-	-	(150)	(140)	-
Transfer	3,786	97,049	-	3,041	(104,136)	141	(119)	-
At 31st March 2022	715,993	321,431	14,893	424,482	8,592	2,233	1,487,624	38,523
Accumulated Depreciation:								
At 1st April 2021	(15,932)	(20,500)	(7,061)	(115,974)	-	(4)	(159,471)	(4,042)
Depreciation Charge	(16,031)	(8,727)	(1,882)	(9,664)	-	(7)	(36,311)	(644)
Depreciation Written Out to the Revaluation Reserve	32,000	11,012	-	-	-	6	43,018	970
De-recognition – Disposals	-	313	2,358	889	-	-	3,560	-
Transfers	(40)	40	-	-	-	-	-	-
At 31st March 2022	(3)	(17,862)	(6,585)	(124,749)	-	(5)	(149,204)	(3,716)
Net Book Value:								
At 1st April 2021	647,463	282,683	8,863	283,291	107,118	1,769	1,331,187	34,710
At 31st March 2022	715,990	303,569	8,308	299,733	8,592	2,228	1,338,420	34,807
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	

STATEMENT OF ACCOUNTS 2021/22

Comparative Movements in 2020/21	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Surplus Assets	Total	PFI Assets included in Property, Plant & Equipment
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation								
At 1st April 2020	594,712	321,749	15,537	372,621	70,118	2,928	1,377,665	38,309
Additions / Enhancements	-	7,899	1,525	26,192	45,331	-	80,947	94
Additions / Enhancements – Non-Value Adding	17,182	6,688	-	-	-	-	23,870	-
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	66,579	4,707	-	-	-	(469)	70,817	364
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	87	(21,854)	-	-	-	1,168	(20,599)	(15)
Impairments – Non-Value Adding Expenditure	(17,183)	(6,687)	-	-	-	-	(23,870)	-
De-recognition – Disposals	(3,565)	(7,310)	(1,138)	(1,191)	-	(37)	(13,241)	-
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-	(4,931)	(4,931)	-
Transfer	5,583	(2,009)	-	1,643	(8,331)	3,114	-	-
At 31st March 2021	663,395	303,183	15,924	399,265	107,118	1,773	1,490,658	38,752
Accumulated Depreciation								
At 1st April 2020	(14,283)	(20,155)	(6,102)	(108,022)	-	(4)	(148,566)	(4,660)
Depreciation Charge	(15,929)	(7,534)	(2,097)	(9,143)	-	(4)	(34,707)	(1,424)
Depreciation Written Out to the Revaluation Reserve	14,509	6,289	-	-	-	274	21,072	2,042
De-recognition – Disposals	-	401	1,138	1,191	-	-	2,730	-
Transfers	(229)	499	-	-	-	(270)	-	-
At 31st March 2021	(15,932)	(20,500)	(7,061)	(115,974)	-	(4)	(159,471)	(4,042)
Net Book Value								
At 1st April 2020	580,429	301,594	9,435	264,599	70,118	2,924	1,229,099	33,649
At 31st March 2021	647,463	282,683	8,863	283,291	107,118	1,769	1,331,187	34,710
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	

Depreciation:

Please see [Annex A](#), the Statement of Accounting Policies for details regarding depreciation methods and the useful lives of each asset type.

Capital Commitments:

As at 31st March 2022, the Council had contractually committed to £58.8M of capital works within its capital programme. The corresponding amount contractually committed as at 31st March 2021 was £44.4M. The major commitments are:

- HRA PRIP - £5.2M
- Glassworks Development - £12.8M
- Market Gate Bridge - £7.2M
- M1 J37 Phase 2 - £8.9M
- New Build St Michaels - £5.5M
- Others - £19.2M

Effects of Changes in Estimates:

There have been no changes to the depreciation methodologies used during 2021/22.

STATEMENT OF ACCOUNTS 2021/22

Revaluations:

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at fair value, is revalued at least every five years. All valuations are completed by an MRICS Registered valuer and the valuation programme certified by Paul Allison MRICS Registered valuer (Strategic Asset Manager), an employee of the Council.

The basis for valuation is set out in [Annex A](#)– Statement of Accounting Policies.

	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Surplus Assets	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Carried at Historical Cost	-	-	14,891	424,482	8,592	-	447,965
Valued at Fair Value:							
2021/22	715,992	274,027	-	-	-	2,233	992,252
2020/21	-	24,413	-	-	-	-	24,413
2019/20	-	6,515	-	-	-	-	6,515
2018/19	-	8,917	-	-	-	-	8,917
2017/18	-	7,558	-	-	-	-	7,558
Gross Book Value	715,992	321,430	14,891	424,482	8,592	2,233	1,487,620

Fair Value Measurement of Surplus Assets:

Details of the Council's Surplus Assets and information about the fair value hierarchy are as follows:

Recurring Fair Value Measurements Using:	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2022 £000s	Accumulated Depreciation £000s	Net Book Value as at 31 st March 2022 £000s
Surplus Buildings	-	177	-	177	(5)	172
Surplus Land – Amenity Land	-	-	-	-	-	-
Surplus Land – Garden Land	-	-	-	-	-	-
Surplus Land – Grazing Land	-	-	-	-	-	-
Surplus Land – Residential	-	2,012	-	2,012	-	2,012
Surplus Land – Commercial	-	44	-	44	-	44
Net Book Value	-	2,233	-	2,233	(5)	2,228

[Balance Sheet](#)

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2021 £000s	Accumulated Depreciation £000s	Net Book Value as at 31 st March 2021 £000s
Surplus Buildings	-	41	-	41	(4)	37
Surplus Land – Amenity Land	-	2	-	2	-	2
Surplus Land – Garden Land	-	5	-	5	-	5
Surplus Land – Grazing Land	-	37	-	37	-	37
Surplus Land – Residential	-	1,689	-	1,689	-	1,689
Net Book Value	-	1,773	-	1,773	(4)	1,769

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2021/22

Valuation Techniques used to Determine Level 2 Fair Values for Surplus Assets

Significant Observable Inputs – Level 2 – Market Approach

The fair value for the areas of land or buildings, both Commercial and Residential, have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Market conditions are such that similar areas of land or buildings are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Observable Inputs – Level 2 – Income Approach

Where the income approach has been adopted the fair value has been based on observable rental evidence and then capitalised based on observable yields derived from market transactions.

Note 20 – Investment Properties

Description:	Investment Properties are Council assets that are held purely for return and capital appreciation. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy 17

A fundamental review was undertaken during 2015/16 around the definition and criteria for investment properties against the Council's asset base, with consideration given towards the Council's revised operating model of 'Future Council'. The outcome of this review was that the assets that were previously held as investment properties no longer met the definition, thus they have been transferred to operational Property, Plant & Equipment as these assets were now contributing to the Council's overall vision of a Better Barnsley and assisting in achieving the Corporate Outcomes of the Council.

Note 21 – Heritage Assets

Description:	Heritage Assets are Council assets that have historical, artistic, scientific, technological, geophysical or environmental qualities. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy 13

Reconciliation of the Carrying Value of Heritage Assets Held by the Council:

	Ceramics £000s	Art Collections £000s	Other £000s	Total Assets £000s
Cost or Valuation				
At 1st April 2020	594	8,355	1,478	10,427
Additions / Enhancements	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	788	-	788
Transfers	-	-	-	-
At 31st March 2021	594	9,143	1,478	11,215
Additions / Enhancements	-	-	325	325
Disposals	-	-	-	-
Revaluations	-	-	-	-
Transfers	-	-	119	119
At 31st March 2022	594	9,143	1,922	11,659
Net Book Value				
At 31st March 2021	594	9,143	1,478	11,215
At 31st March 2022	594	9,143	1,922	11,659

[Balance Sheet](#)

[Balance Sheet](#)

Detail of Movements in Heritage Assets: Additions / Enhancements

During 2021/22, the Council spent £0.325M on Heritage Assets (nil in 2020/21).

STATEMENT OF ACCOUNTS 2021/22

Detail of Movements in Heritage Assets: Disposals

There were no disposals of heritage assets during 2021/22 (nil in 2020/21).

Detail of Movements in Heritage Assets: Revaluations

There was no revaluation of heritage assets during 2021/22 (£0.788M in 2020/21).

Intangible Heritage Assets

There are no intangible heritage assets held by the Council as at 31st March 2022 (nil as at 31st March 2021).

Further Details of Heritage Assets

Ceramics, Porcelain Work and Figurines

The collection of ceramics, porcelain work and figurines include some 766 pieces held on display by the Cannon Hall Museum and the Town Hall, dating back to the late 17th century. Most of the collection was acquired in the 18th and 19th centuries from local benefactors. This is a diverse collection of figurines, decorated porcelain vases and dinner service pieces.

The Council's collection of ceramics, porcelain work and figurines at Cannon Hall totals £0.443M and Civic Regalia totals £0.151M. The Cannon Hall pieces were valued by Bonhams in August 2009 and the Civic Regalia pieces were valued by Douglas Brill Associates in October 2006. The assets were valued, based on insurance valuations as a proxy for open market valuations.

Art Collection

The collection consists of 479 paintings dating from over the last 500 years. Approximately £1.838M of the collection was provided by Cooper Bequest and £0.912M by Sadler Gifts. The arts collection is housed in the Council's Cannon Hall and Cooper Gallery Museums. The collection also contains a landscape painting by Giovanni Antonio Canaletto.

The Council's art collection consists of paintings held at Cooper Gallery totalling £4.449M and Cannon Hall totalling £4.694M. The Cooper Gallery paintings were valued by Bonhams in April 2016 and the Cannon Hall pieces were valued by Bonhams in August 2009. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

Other

The remaining Heritage Assets held by the Council totals £1.922M mainly relating to the Mining Artwork sculpture, The Newcomen Beam Engine, Civic Regalia pieces, furniture. Covid Memorial and metal work pieces. The assets have been valued, based on insurance valuations as a proxy for open market valuations, except for the Covid Memorial which is currently valued at cost.

Details in respect of the records held by the Council on its Heritage Assets, together with information relating to access of those assets can be obtained by contacting the Council.

Note 22 – Intangible Assets

Description:	Intangible Assets are non-physical assets, used by the Council. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy 14

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system, in which case it would be accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The economic useful life assigned to the major software suites is ordinarily 7 years.

The carrying amount of intangible assets are amortised on a straight-line basis. The amortisation of £0.268M has been charged to the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

STATEMENT OF ACCOUNTS 2021/22

The movement of Intangible Asset balances during the year are as follows:

2020/21 Purchased Software £000s		2021/22 Purchased Software £000s
	Balance at 1st April:	
1,702	- Gross Carrying Amounts	1,872
(777)	- Accumulated Amortisation	(1,057)
925	Net Carrying Amount at 1st April	815
	Additions:	
170	Purchases	-
	Disposals:	
-	Other Disposals – Gross Carrying Amounts	-
-	Other Disposals – Accumulated Amortisation	-
	Amortisation:	
(280)	Amortisation for the Period	(267)
815	Net Carrying Amount at 31st March	548
	Comprising:	
1,872	Gross Carrying Amounts	1,872
(1,057)	Accumulated Amortisation	(1,324)
815		548

[Balance Sheet](#)

Note 23 – Assets Held for Sale

Description:

Assets Held for Sale are Council assets that are:

- Being actively marketed for sale;
- Expected to sell in the next 12 months.

This note shows the value and movement in those assets.

2020/21 £000s	<u>Current Assets</u>	2021/22 £000s
4,108	Balance Outstanding at 1st April	8,413
4,931	Assets Newly Classified as Held for Sale: - Surplus Assets	150
68	Revaluation Gains	807
(39)	Revaluation Losses	-
-	Assets Declassified as Held for Sale: - Surplus Assets	(10)
(655)	Assets Sold	(4,696)
8,413	Balance Outstanding at 31st March	4,664

[Balance Sheet](#)

Fair Value Measurement of Assets Held for Sale:

Details of the Council's Assets Held for Sale and information about the fair value hierarchy are as follows:

Recurring Fair Value Measurements Using:	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value / Net Book Value as at 31 st March 2022 £000s
Surplus Buildings	-	-	-	-
Surplus Land – Commercial	-	3,564	-	3,564
Surplus Land – Garden Land	-	-	-	-
Surplus Land – Residential	-	1,100	-	1,100
Net Book Value	-	4,664	-	4,664

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2021/22

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value / Net Book Value as at 31 st March 2021 £000s
Surplus Buildings	-	1,480	-	1,480
Surplus Land – Commercial	-	2,898	-	2,898
Surplus Land – Garden Land	-	2	-	2
Surplus Land – Residential	-	4,033	-	4,033
Net Book Value	-	8,413	-	8,413

[Balance Sheet](#)

Valuation Techniques used to Determine Level 2 Fair Values for Assets Held for Sale

Significant Observable Inputs – Level 2 – Market Approach

The fair value for the areas of land or buildings, both Commercial and Residential, have been based on the market approach using current market conditions and recent sales evidence and other relevant information for similar assets in the local authority area. Market conditions are such that similar areas of land or buildings are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Observable Inputs – Level 2 – Income Approach

Where the income approach has been adopted the fair value has been based on observable rental evidence and then capitalised based on observable yields derived from market transactions.

Note 24 – Capital Expenditure and Capital Financing

Description:	This note shows the Council's capital financing requirement (CFR), which is the underlying requirement to borrow, and how that has changed during the year.
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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 and PFI / PPP Contracts), 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.

2020/21				2021/22		
General Fund	HRA	Total		General Fund	HRA	Total
£000s	£000s	£000s		£000s	£000s	£000s
751,555	271,734	1,023,289	Opening Capital Financing Requirement	790,425	271,734	1,062,159
			<i>Capital Investment:</i>			
-	17,183	17,183	Council Dwellings	-	22,731	22,731
11,061	3,525	14,586	Other Land & Buildings	28,489	1,462	29,951
1,525	-	1,525	Vehicles, Plant, Furniture & Equipment	1,326	-	1,326
26,192	-	26,192	Infrastructure Assets	23,546	-	23,546
45,265	67	45,332	Assets Under Construction	3,708	1,901	5,609
-	-	-	Heritage Assets	325	-	325
170	-	170	Intangible Assets	-	-	-
-	-	-	Long Term Investment	-	-	-
720	-	720	Long Term Debtors	-	-	-
5,471	-	5,471	Revenue Expenditure Funded from Capital Under Statute	10,657	689	11,346
90,404	20,775	111,179	Total Capital Investment	68,051	26,783	94,834
			<i>Sources of Finance – For Capital Expenditure Purposes:</i>			
(2,459)	(1,125)	(3,584)	Capital Receipts	(743)	(1,167)	(1,910)
(33,357)	(137)	(33,494)	Government Grants & Other Contributions	(35,998)	(759)	(36,757)
(8,597)	(19,513)	(28,110)	Other Revenue Funding	(10,295)	(24,857)	(35,152)

STATEMENT OF ACCOUNTS 2021/22

2020/21				2021/22		
General Fund	HRA	Total		General Fund	HRA	Total
£000s	£000s	£000s		£000s	£000s	£000s
(44,413)	(20,775)	(65,188)	Total Resources Utilised to Fund In Year Capital Expenditure	(47,036)	(26,783)	(73,819)
45,991	-	45,991	Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure	21,015	-	21,015
			<i>Sources of Finance – Set Aside to Repay Debt:</i>			
-	-	-	Capital Receipts	(1,623)	-	(1,623)
-	-	-	Other Revenue Funding	-	-	-
(264)	-	(264)	Other	(902)	-	(902)
(51)	-	(51)	Repayment of Long Term Debtors / Investments	(80)	-	(80)
(6,806)	-	(6,806)	MRP	(7,165)	-	(7,165)
(7,121)	-	(7,121)	Total Set Aside to Repay Debt	(9,770)	-	(9,770)
790,425	271,734	1,062,159	Closing Capital Financing Requirement	801,670	271,734	1,073,404

An explanation of the movement in the Council's capital financing requirement is summarised in the table below:

2020/21				2021/22		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000s	£000s	£000s		£000s	£000s	£000s
45,991	-	45,991	Explanation of Movements in Year	20,915	-	20,915
-	-	-	Increase / (Decrease) in Underlying Need to Borrow (Funded from Council's Own Base Resources)	100	-	100
-	-	-	Assets Acquired Under Finance Leases	-	-	-
(6,806)	-	(6,806)	Assets Acquired Under PFI / PPP Contracts	(7,165)	-	(7,165)
(315)	-	(315)	Amounts Set Aside to Repay Debt – Statutory	(2,605)	-	(2,605)
			Amounts Set Aside to Repay Debt – Voluntary			
38,870	-	38,870	Increase / (Decrease) in Capital Financing Requirement	11,245	-	11,245

Note 25 – Leases

Description:	A lease is a contractual arrangement that allows the lessee the use of an asset, in exchange for consideration to the lessor. This note details the arrangements that the Council is party to which are classed as leases
Relevant Accounting Policies:	Accounting Policy 19

Council as Lessee

Finance Leases

Other Land and Buildings – There are currently 6 buildings recognised within the Council's Balance Sheet acquired via finance lease. The first relates to a 15 year lease in respect of a residential bungalow. The rentals payable in 2021/22 were £0.030M (£0.030M in 2020/21) - accounted for as £0.024M principal payment and £0.006M finance costs.

The second relates to a 999 year lease in respect of the town centre museum, The Cooper Art Gallery. The rentals payable for the duration of the term are nil.

During 2013/14, the Council entered into two further leases that were accounted for as finance leases. The leases of both Royston Meadstead Children's Centre and Hoyland Common Children's Centre are both for 125 years with the rentals payable for the duration of the term being nil. Both properties relate to Council maintained community schools that transferred to Academy status during 2013/14. Thus, these leases represent the Council leasing back the children's centre element of those respective assets. Each respective asset was recognised as an acquisition at £1 and then subsequently revalued during the year.

In 2019/20, Wentworth Castle & Gardens was accounted for as a finance lease and recognised at an acquisition cost of £0 on the basis that the Council assumed the existing lease between Wentworth Castle Trust. The lease was for 99

STATEMENT OF ACCOUNTS 2021/22

years at inception in 2007, with rentals payable for the duration of the term being nil. Subsequently, several sub-leases of specific buildings on the site have also been assumed by the Council, with the Council as lessor. These leases, which have a 25 year lease term, have been accounted for as operating leases.

In 2021/22, the Council acquired the Hoyland Co-op Building via a finance lease. The asset was recognised at £0.100M with the associated liability. During 2021/22, the Council 'repaid' the £0.100M via MRP, therefore no liability remains. The rentals payable for the duration of the term are nil.

Vehicle, Plant, Furniture and Equipment – The Council has 7 agreements in place in 2021/22 for various types of asset including wheeled bins and vehicles, accounted for as finance leases. The rentals payable in 2021/22 were £0.599M (£0.680M in 2020/21) – accounted for as £0.547M principal payment and £0.052M finance costs.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 st March 2021 (Restated) * £000s		31 st March 2022 £000s
3,338	Other Land & Buildings	3,466
2,351	Vehicles, Plant, Furniture & Equipment	1,749
5,689	Total	5,215

* This restatement corrects a historic error relating to the lease of the Metrodome, which was valued at £20.147M as at 31st March 2021.

It was identified during 2021/22 that this asset was incorrectly classified as a leased asset under a finance lease. However, the Council had all the risks and rewards of using this asset and was always reported in the Council's Balance Sheet in previous years. Additionally, there was no rentals paid historically to any third party in relation to this asset. Therefore, no impact to brought forward usable or unusable reserves. The asset has always been depreciated and revalued as an owned asset.

Under IAS 8, this amendment constitutes a Prior Period Adjustment (PPA). There is no impact of this change on the Council's four core statements [Movement in Reserves Statement, Comprehensive Income & Expenditure Statement, Balance Sheet and Cash Flow Statement] including the Council's useable reserve balances. The only impact of this amendment is within the disclosure above relating to leased assets which has been restated accordingly.

The Council is committed to making minimum payments under these leases, comprising settlement of the long term liability for the interest in the property acquired by the Council and finance costs that will be payable by the Council in future years, while the liability remains outstanding.

The minimum lease payments are made up of the following amounts:

31 st March 2021 £000s		31 st March 2022 £000s
572	Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):	547
2,036	- Current	1,488
	- Non-Current	
121	Finance Costs Payable in Future Years	64
2,729	Minimum Lease Payments	2,099

The minimum lease payments will be payable over the following periods:

31 st March 2021			31 st March 2022	
Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
£000s	£000s		£000s	£000s
629	572	Not later than one year	587	547
1,955	1,891	Later than one year and not later than five years	1,512	1,488
145	145	Later than five years	-	-
2,729	2,608		2,099	2,035

STATEMENT OF ACCOUNTS 2021/22

The above minimum lease payments did not include any rents that are contingent on events taking place after the lease was entered into.

Operating Leases

Other Land and Buildings – The Council leases 38 properties, which have been accounted for as operating leases. The length of each lease varies with the maximum lease being 125 years. Total amounts paid under these leases in 2021/22 was £1.771M (£1.777M in 2020/21).

Vehicles, Plant, Furniture and Equipment – The Council uses cars and wheeled waste bins financed under the terms of an operating lease. The amount paid under these arrangements in 2021/22 was £0.932M (£0.679M in 2020/21). The Code requires charges to be made evenly throughout the period of the lease.

Commitments Under Operating Leases – The Council was committed at 31st March 2022 to making payments of £30.807M under operating leases (£31.536M as at 31st March 2021), comprising of the following elements:

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

31 st March 2021 £000s		31 st March 2022 £000s
2,344	Not Later Than One Year	2,532
7,825	Later Than One Year & Not Later Than Five Years	8,520
21,367	Later Than Five Years	19,755
31,536		30,807

The expenditure charged to the Net Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2020/21 £000s		2021/22 £000s
2,456	Minimum Lease Payments	2,703
-	Contingent Rents	-
-	Sub-Lease Payments Receivable	-
2,456		2,703

Council as Lessor

Finance Leases

The Council leases a number of properties to Housing Associations over long periods (50 to 99 years). These leases meet the finance lease criteria of IAS 17 but are not accounted for fully in accordance with the standard.

At the commencement of the lease, the assets have been de-recognised within the Council's Balance Sheet with a corresponding debtor recognised representing the sale proceeds due from the asset.

The minimum lease payments expected to be received comprise of settlement of the long-term debtor for the interest in the property acquired and finance income to be received over the life of the lease. In the majority of cases, a premium payment is received at commencement of the lease which is used to immediately write down the debtor recognised. In addition to this premium payment, an annual peppercorn rent is often receivable for the property let. However, due to the immateriality of these payments (total undiscounted) of £0.297M due over their remaining lives as at 31st March 2022 and the length over which they are payable, no debtor is recognised in respect of these residual lease payments and the full amount received is accounted for as trade income in the year in which it is received.

The Council also leases an outdoor activity centre which has been identified as a finance lease. The element of the lease relating to the building is accounted for as a finance lease and the element relating to the land is accounted for as an operating lease (see section below). At the commencement of the lease the building was de-recognised from within the Council's Balance Sheet with a corresponding debtor recognised totalling £0.066M representing the sale proceeds due from the asset. The agreement of the lease states that the property will be let rent free for a period of 5 years. 2012/13 represented the first year where income had been received (£0.013M). The rentals received in 2021/22 were £0.025M. This income is split between the land and buildings element of the lease and then for the building's element, split between principal and interest paid. The amount relating to the building element equates to £0.011M with the principal element being £0.001M. Therefore, the debtor is reduced to £0.059M.

In 2020/21, the Council entered into a Development Agreement Lease with Keepmoat Homes to build out the site at St Helens Boulevard for residential development. This has been accounted for as a finance lease. At the commencement

STATEMENT OF ACCOUNTS 2021/22

of the lease, the land was de-recognised from the Council's Balance Sheet with a corresponding long-term debtor recognised, totalling £0.437M, representing the sale premium for the site as a whole. Over time, as individual plots are sold to the end purchaser of those properties, those receipts will be transferred into the Council's useable capital receipts reserve.

In 2020/21, the Council entered into a Development Agreement Lease with Keepmoat Homes to build out the site at Seasons Phase 3, Thurnscoe for residential development. This has been accounted for as a finance lease. At the commencement of the lease the land was de-recognised from within the Council's Balance Sheet with an upfront premium of £0.159M transferred to the useable capital receipts reserve in 2020/21.

Operating Leases

The Council leases out a number of properties to Community Organisations, Public Bodies and Housing Associations for an ongoing rental.

Total amounts received under these leases in 2021/22 was £3.594M (£2.341M in 2020/21).

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

31st March 2021 £000s		31st March 2022 £000s
2,158	Not Later Than One Year	3,355
6,922	Later Than One Year & Not Later Than Five Years	11,437
31,296	Later Than Five Years	35,048
40,376		49,840

None of the above minimum lease payments are contingent on events taking place after the lease was entered into.

In addition to the operating leases above, the Council has entered into a number of arrangements with housing associations for periods ranging from 60 years to 999 years, which are premium operating leases. Premium leases are where the lessee makes an upfront payment for the full term of the lease rather than paying an annual rental. Accounting rules dictate that those leases should be accounted for as a receipt in advance on the Balance Sheet and should be spread equally across the full term of the lease, recognising an amount into the revenue account each year.

Premium leases that were entered into prior to the conversion to IFRS, pre 2010/11, were treated under the UK GAAP compliant SORP and accounted for in the year of receipt, which was permitted at that time. Leases entered into since then have also been accounted for in the year of receipt due to the materiality of the amounts involved.

The amount released to the Comprehensive Income & Expenditure Account in 2021/22 was £0.003M.

The release of the lease premiums to the Comprehensive Income & Expenditure Account in future years are as follows:

31st March 2021 £000s		31st March 2022 £000s
3	Not Later Than One Year	3
12	Later Than One Year & Not Later Than Five Years	12
674	Later Than Five Years	671
689		686

Academies

Community Schools

The Council also leases a number of schools to charitable trusts. Using powers derived from the Academies Act 2010, one Primary School (Milefield) converted to Academy status during 2021/22. As part of those agreements, the school and associated land is leased from the Council to the Academy Trust, over a period of 125 years. The lease of the school buildings has been treated as a finance lease whereas the lease of the school land has been treated as an operating lease.

In 2008, the Council granted a 125 year lease of a land asset to a charitable trust to allow Barnsley Academy to be built. This arrangement has been treated as an operating lease in the Council's accounts since this time.

The building assets relating to the schools outlined above have been de-recognised from within the Council's Balance Sheet as a disposal for nil consideration in the year of transfer. Due to the nature of the agreements, no rental

STATEMENT OF ACCOUNTS 2021/22

payments are due and therefore no long term debtor is recognised. The land assets in respect of the schools outlined above are treated as operating leases and remain on the Council's Balance Sheet.

Voluntary Aided (VA) / Voluntary Controlled (VC) Schools

No Voluntary Aided Primary Schools have converted during 2021/22.

Prior to conversion to Academy status, VA / VC school building assets were already held by the respective dioceses, therefore no lease exists for the building element. The Council does still hold some land in respect of some of these schools, usually in the form of playing fields. Again, the individual arrangements are dictated by the respective circumstances. Where such arrangements exist, the lease of the land is treated as an operating lease and remains on the Council's Balance Sheet.

Academy Summary

The tables below summarise the Council's academy conversions thus far:

School	Conversion Year	Lease Arrangements
<u>Community Schools:</u>		
Barnsley Academy	2008/09	Lease of Land Only
Oakhill Primary	2011/12	Lease of Land & Buildings
Dearne Carrfield Primary	2012/13	Lease of Land & Buildings
Gooseacre Primary	2012/13	Lease of Land & Buildings
The Hill Primary	2012/13	Lease of Land & Buildings
Darfield Upperwood Primary	2012/13	Lease of Land & Buildings
Dearne Highgate Primary	2012/13	Lease of Land & Buildings
St Helen's Primary	2012/13	Lease of Land & Buildings
Shafton Primary	2012/13	Lease of Land & Buildings
Darton Primary	2013/14	Lease of Land & Buildings
West Meadows Primary	2013/14	Lease of Land & Buildings
Littleworth Grange Primary	2013/14	Lease of Land & Buildings
Kendray Primary	2013/14	Lease of Land & Buildings
Royston Meadstead Primary	2013/14	Lease of Land & Buildings
Hoyland Common Primary	2013/14	Lease of Land & Buildings
Piper's Grove Primary	2013/14	Lease of Land & Buildings
Darfield Valley Primary	2013/14	Lease of Land & Buildings
Heather Garth Primary	2013/14	Lease of Land & Buildings
Kirk Balk Community College	2014/15	Lease of Land & Buildings
Shafton ALC	2014/15	Lease of Land & Buildings
Springwell Special School / PRU	2014/15	Lease of Land & Buildings
The Edmunds Primary	2014/15	Lease of Land & Buildings
Carlton Community College	2015/16	Lease of Land & Buildings
Greenacre Special School	2015/16	Lease of Land & Buildings
Richard Newman Primary	2015/16	Lease of Land & Buildings
Hoyland Springwood Primary	2015/16	Lease of Land & Buildings
High View Primary	2015/16	Lease of Land & Buildings
Wombwell Park Street	2015/16	Lease of Land & Buildings
Sandhill Primary	2015/16	Lease of Land & Buildings
Ward Green Primary	2016/17	Lease of Land & Buildings
Doncaster Road Primary	2016/17	Lease of Land & Buildings
Kexborough Primary	2016/17	Lease of Land & Buildings
Wellgate Primary	2016/17	Lease of Land & Buildings
Worsborough Bank End Primary	2017/18	Lease of Land & Buildings
Hunningley Primary	2017/18	Lease of Land & Buildings
Netherwood ALC	2017/18	Lease of Land & Buildings
Dearne ALC	2018/19	Lease of Land & Buildings
Darton College	2018/19	Lease of Land & Buildings
Worsbrough Common Primary	2019/20	Lease of Land & Buildings
Mapplewell Primary	2019/20	Lease of Land & Buildings
Cudworth Churchfield Primary	2019/20	Lease of Land & Buildings
Athersley South Primary	2020/21	Lease of Land & Buildings
Dearne Goldthorpe Primary	2020/21	Lease of Land & Buildings
Milefield Primary	2021/22	Lease of Land & Buildings

STATEMENT OF ACCOUNTS 2021/22

School	Conversion Year	Lease Arrangements
VA / VC Schools:		
St Mary's Primary	2011/12	Lease of Land Only
Darfield All Saints Primary	2012/13	Lease of Land Only
Carlton Primary	2012/13	No Lease – Freehold Transfer to Diocese
Royston Parkside Primary	2012/13	No Lease – Freehold Transfer to Diocese
Royston Summerfields Primary	2012/13	No Lease – Freehold Transfer to Diocese
Dodworth St John's Primary	2013/14	Lease of Land & Caretaker's Bungalow
Elsecar Trinity C of E Primary	2015/16	Lease of Land Only
Royston St John The Baptist C of E Primary	2015/16	Lease of Land Only

Note 26 – Private Finance Initiatives and Similar Contracts

Description:	PFI arrangements are contractual arrangements which utilise the use of private financing for major capital projects. This note details the arrangements that the Council is party to.
Relevant Accounting Policies:	Accounting Policy 22

The Council has recognised assets on its Balance Sheet relating to three arrangements that constitute a PFI arrangement or similar contract which are outlined below.

Primary Schools PFI

The contract binds the contractor to design, build, maintain and operate thirteen primary schools across the Borough, for a concession period of 25 years. At the end of the concession, the legal ownership of the assets transfers to the Council, without consideration. The table below shows the PFI Primary schools and their respective operational dates:

PFI Primary Schools	Opened
High View Primary Learning Centre *	2006/07
Kings Oak Primary Learning Centre	2006/07
Littleworth Grange Primary *	2006/07
Wombwell Park Street Primary *	2006/07
Darfield Valley Primary *	2006/07
Hoyland Common Primary *	2006/07
Springvale Primary	2006/07
Lacewood Primary	2006/07
Darton Primary *	2007/08
Joseph Locke Primary	2007/08
Sandhill Primary *	2007/08
Cherry Dale Primary	2007/08
Piper's Grove Primary *	2007/08

* These schools have since converted to Academy status and have been de-recognised from the Council's balance sheet in the year of conversion. A further explanation can be found in [Note 25](#).

Local Improvement Financial Trusts (LIFT) Schemes

The contract binds the contractor to design, build, maintain and operate an asset where healthcare and Council services can be provided to the public, for a concession period of 25 years. The schemes are joint arrangements between the Council and Barnsley CCG. At the end of the concession, the Council holds an option to purchase the assets.

LIFT Buildings	Opened
Cudworth LIFT	2008/09
Darton LIFT	2011/12

Building Schools for the Future (BSF) Programme

The overall BSF contract binds the contractor to design, build, maintain and operate eleven secondary schools / advanced learning centres across the Borough, over three phases. The concession period of the respective phases is 25 years, at the end of which, the legal ownership of the assets transfers to the Council without consideration. Eight of the eleven schools were procured by way of Private Finance Initiative. The table below shows the BSF schools, their respective operational dates and the pre-existing schools that they replaced:

STATEMENT OF ACCOUNTS 2021/22

BSF School	Pre-Existing School(s)	Procurement Vehicle	Opened
Darton College ****	Darton High	PFI	2010/11
Dearne ALC ****	The Dearne High	Design & Build	2010/11
Carlton Community College ****	Edward Sheerien, Royston High	Design & Build	2010/11
Kirk Balk Community College ****	Kirk Balk High	PFI	2011/12
Penistone Grammar ALC **	Penistone Grammar	PFI	2011/12
Shafton ALC ****	Priory School & Sports College, Willowgarth High	PFI	2011/12
Greenacre Special School ****	Greenacre School	Design & Build	2011/12
Springwell Community Special School ****	Springwell School	PFI	2011/12
Netherwood ALC ****	Darfield Foulstone, Wombwell High	PFI	2012/13
Horizon Community College ***	Holgate & Kingstone	PFI	2012/13
Holy Trinity ALC *	St Michael's High, St Dominic's Primary, Holy Cross Catholic Primary	PFI	2012/13

* Holy Trinity ALC is a voluntary aided school and consequently sits with the Diocese of the respective areas. Therefore, the school was transferred to the Diocese during 2012/13 and has been subsequently de-recognised from the Council's Balance Sheet.

** The old Penistone Grammar School, which was replaced by the Penistone Grammar ALC when it became operational in 2011/12, was originally held in trust by Penistone Grammar Trust, as part of an agreement that has existed since 1957. This agreement still legally stands and therefore during 2011/12, the new Penistone Grammar ALC was transferred to the Trust and was subsequently de-recognised from the Council's Balance Sheet.

*** Horizon Community College, which replaced Kingstone Secondary and Holgate Secondary schools, was transferred into Horizon Archbishop Holgate Foundation Trust during 2017/18 and has been subsequently de-recognised from the Council's Balance Sheet.

**** These schools have since converted to Academy status and have been de-recognised from the Council's balance sheet in the year of conversion. A further explanation can be found in [Note 25](#).

Waste PFI

The Council's Waste PFI facility became fully operational on the 3rd July 2015. This scheme involves a joint arrangement with the Council, Doncaster Metropolitan Borough Council and Rotherham Metropolitan Borough Council which will see operation of new Waste facilities to deal with the treatment of leftover waste rather than send it to landfill.

The contract is with 3SE (Barnsley, Doncaster & Rotherham) Limited which is owned 75% by Renew PFI Investments Limited and 25% by SSE Generation Limited. It is for 25 years from the service commencement date and the local authorities have the option to extend the service element of the contract by a further 5 years, to the end of the new facility's design life of 30 years. If this option is not exercised, the facility reverts to the ownership of the local authorities at the end of the 25 year contract at nil consideration; otherwise it will revert after 30 years.

The assets in respect of the Council's share of the facility, which equates to 30% of the total value, are recognised on the Council's balance sheet.

Property, Plant and Equipment

The assets used to provide services at the primary schools, LIFT buildings, the secondary schools and the Waste facility are recognised on the Council's Balance Sheet, with the exception of Penistone Grammar ALC and Holy Trinity ALC. Movements in their value over the year are detailed in the analysis of the movement on Property, Plant and Equipment in [Note 19](#).

Payments

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the PFI and similar contracts at 31st March 2022 (excluding any estimation of inflation and availability / performance deductions) are as follows:

STATEMENT OF ACCOUNTS 2021/22

	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Payable in 2022/23	21,946	7,879	18,233	48,058
Payable Within Two to Five Years	94,210	37,241	66,179	197,630
Payable Within Six to Ten Years	139,524	61,157	60,766	261,447
Payable Within Eleven to Fifteen Years	115,012	76,675	34,014	225,701
Payable Within Sixteen to Twenty Years	32,984	8,387	1,959	43,330
Payable Within Twenty One to Twenty Five Years	-	-	-	-
Total	403,676	191,339	181,151	776,166

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

The liability outstanding to pay to the contractor for capital expenditure incurred is as follows:

2020/21 £000s		2021/22 £000s
206,569	Balance As At 1st April	199,562
(7,007) -	Payments During the Year Capital Expenditure Incurred in the Year	(8,223) -
199,562	Balance As At 31st March	191,339

Note 27 – Financial Instruments

Description:55	Financial Instruments are any contract that gives rise to a financial asset of one entity and a financial liability of another entity. This note explains the Council's financial instruments and the impact on the accounts.
Relevant Accounting Policies:	Accounting Policy 5 / Accounting Policy 11

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

31 st March 2021			31 st March 2022		
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s	
		Investments:			
2,281	60,048	Amortised Cost	2,254	134,594	
2,000	-	Fair Value through Other Comprehensive Income - Designated Equity Instruments	2,000	-	
4,281	60,048	Total Investments	4,254	134,594	Balance Sheet
		Debtors:			
1,300	-	Loan and Finance Lease Receivables at Amortised Cost	2,527	-	
-	35,165	Other Debtors at Amortised Cost	-	42,731	
1,300	35,165	Total Debtors *	2,527	42,731	Balance Sheet
		Cash Equivalents:			
-	55,012	Amortised Cost	-	54,510	Cash Flow
-	55,012	Total Cash Equivalents **		54,510	Balance Sheet
5,581	150,225	Total Financial Assets	6,781	231,835	
		Borrowing:			
(628,230)	(21,788)	Amortised Cost	(653,158)	(37,307)	
(628,230)	(21,788)	Total Borrowing	(653,158)	(37,307)	Balance Sheet
		Creditors:			
-	(30,524)	Creditors at Amortised Cost	-	(46,189)	
-	(30,524)	Total Creditors *	-	(46,189)	
		Other Liabilities:			

STATEMENT OF ACCOUNTS 2021/22

(194,062)	(8,797)	Amortised Cost	(185,633)	(8,428)	
(194,062)	(8,797)	Total Other Liabilities	(185,633)	(8,428)	Balance Sheet
(822,292)	(61,109)	Total Financial Liabilities	(838,791)	(91,924)	Balance Sheet

* It should be noted that within the Balance Sheet totals for debtors and creditors, there are some amounts that do not meet the definition of financial instruments. As such they have not been disclosed again in the above table. These include:

- Debtors - £12.752M (£12.682M in 2020/21) comprising local taxation debtors, prepayments and amounts owed in respect of VAT; and
- Creditors - £25.044M (£17.405M in 2020/21) comprising receipts in advance, payroll creditors, NNDR, Council Tax and other amounts payable in relation to VAT and other social security.

The full Balance Sheet values are analysed in [Note 30](#), [Note 31](#) and [Note 32](#) respectively.

** It should also be noted that within the Balance Sheet totals for cash and cash equivalents, there are some amounts that do not meet the definition of financial instruments. As such they have not been disclosed again in the above table. The full Balance Sheet values are analysed in the [Cash Flow](#) statement.

Reclassifications:

A number of financial assets were reclassified following the initial application of IFRS 9 Financial Instruments. This is reflected in the above table.

Impairment:

Also reflected in the above table is the loss allowance recognised of £0.050M (£0.396M in 2020/21) - following the transition from an incurred losses model to an expected losses model for impairment calculations - there was no reduction in fair value of financial assets (£0.111M in 2020/21) following remeasurement. These amounts are shown separately in the table below:

Income, Expense, Gains and Losses:

2020/21				2021/22				
Financial Liabilities: Measured at Amortised Cost	Financial Assets: Loans and Receivables at Amortised Cost	Financial Assets: Fair Value Through Other Comprehensive Income	Total		Financial Liabilities: Measured at Amortised Cost	Financial Assets: Loans and Receivables at Amortised Cost	Financial Assets: Fair Value Through Other Comprehensive Income	Total
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
23,727	-	-	23,727	Interest Expense	23,475	-	-	23,475
20	-	-	20	Fee Expenses	38	-	-	38
396	-	-	396	Expected Credit Losses	50	-	-	50
24,143	-	-	24,143	Total Expense in Surplus or Deficit on the Provision of Services	23,563	-	-	23,563
-	(809)	(113)	(922)	Interest / Dividend Income	-	(631)	(446)	(1,077)
-	(809)	(113)	(922)	Total Income in Surplus or Deficit on the Provision of Services	-	(631)	(446)	(1,077)
-	-	111	111	(Surplus) / Deficit Arising on Revaluation of Financial Assets in Other Comprehensive Income & Expenditure	-	-	-	-
24,143	(809)	(2)	23,332	Net (Gain) / Loss for the Year	23,563	(631)	(446)	22,486

Fair Values of Assets: Assets Carried at Fair Value:

STATEMENT OF ACCOUNTS 2021/22

Some of the Council's financial assets have been designated at Fair Value through Other Comprehensive Income following the application of IFRS9, a breakdown of which is included in the table below:

Recurring Fair Value Measurements Using:	2021/22			
	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2022 £000s
<u>Designated Equity Investments:</u>				
Oakwell Community Assets Limited	-	2,000	-	2,000
Carrying Value		2,000		2,000
BDR Property Limited (formerly known as Arpley Gas Ltd)	-	405	-	405
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(405)	-	(405)
Carrying Value		-		-
BSF Programme (Building Schools for the Future)	-	16	-	16
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(16)	-	(16)
Carrying Value	-	-	-	-
UK Municipal Bonds Agency	-	10	-	10
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(10)	-	(10)
Carrying Value	-	-	-	-
Total Carrying Value	-	2,000	-	2,000

Prior Year Comparator:

Recurring Fair Value Measurements Using:	2020/21			
	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2021 £000s
<u>Designated Equity Investments:</u>				
Oakwell Community Assets Limited	-	2,000	-	2,000
Carrying Value		2,000		2,000
BDR Property Limited (formerly known as Arpley Gas Ltd)	-	405	-	405
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(405)	-	(405)
Carrying Value		-		-
BSF Programme (Building Schools for the Future)	-	16	-	16
	-	(16)	-	(16)
Carrying Value	-	-	-	-
UK Municipal Bonds Agency	-	10	-	10
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(10)	-	(10)
Carrying Value	-	-	-	-
Total Carrying Value	-	2,000	-	2,000

Valuation Techniques used to Determine Level 2 Fair Values for Financial Assets

STATEMENT OF ACCOUNTS 2021/22

Shares in the above organisations are not traded in an active market and as such, the fair values have been assessed using valuation techniques that are not based on observable current market transactions or available market data. The valuation has been made based on an analysis of the assets and liabilities in the company's latest audited accounts.

There were no transfers between input levels 1 and 2 or changes in the valuation technique used during the year.

The current level of uncertainty in the future path of economic growth, unemployment, fiscal and monetary policy makes it very difficult to accurately assess the impact on the investments held by the Council. We will continue to closely monitor the situation and where required any expected credit loss provision and/or movement in fair value will be reported and recognised during the 2022/23 financial year.

Fair Values of Assets: Assets Not Measured at Fair Value

Except for financial assets carried at fair value (see above), all other financial assets held by the Council are classified as short term receivables, short term investments and long term debtors are carried in the balance sheet at amortised cost. A breakdown of these assets has been provided in the table below:

	Carrying Value as at 31 st March 2022 £000s
Fixed Term Local Authority Deposits	124,584
Fixed Term Bank Deposits	10,010
Money Market Funds	48,510
Call and Notice Bank Accounts	6,000
Other Loans and Receivables	4,781
Total Valuation	193,885

[Balance Sheet](#)

Prior Year Comparator:

	Carrying Value as at 31 st March 2021 £000s
Fixed Term Local Authority Deposits	60,048
Fixed Term Bank Deposits	-
Money Market Funds	25,500
Call and Notice Bank Accounts	29,512
Other Loans and Receivables	3,581
Total Valuation	118,641

[Balance Sheet](#)

Debtors and creditors are measured at amortised cost which is typically the transactional value or invoiced amount. They are low risk in nature and largely comprise of amounts owed by and to the Council as a result of its day to day business.

Fair Values of Liabilities: Liabilities Not Measured at Fair Value

All financial liabilities are carried in the balance sheet at amortised cost. The fair values of such liabilities are disclosed for comparison purposes. Fair value is the amount for which a liability could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. There were no transfers between input levels 1 and 2 or changes in the valuation technique used during the year.

Financial liabilities represented by loans are carried in the Balance Sheet at amortised cost. The fair values are calculated as follows:

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st March 2022 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2022 £000s
---	--	--	--	---	---

STATEMENT OF ACCOUNTS 2021/22

PWLB Borrowings	(579,616)	-	(648,237)	-	(648,237)
LOBOs	(56,651)	-	(30,813)	-	(30,813)
Temporary Loans	(52,440)	-	(52,287)	-	(52,287)
Other	(1,758)	-	(1,419)	-	(1,419)
Total Borrowing	(690,465)	-	(732,756)	-	(732,756)

[Balance Sheet](#)

Within the Council's total borrowings are three LOBO (Lender Option, Borrower Option) loans, where the lender has the option to increase the interest rate at any 6 month interval. Should this option be triggered, the Council has the option to repay the loan without penalty. However, this would mean having to borrow an additional £55.000M within the next few years to replace the principal repaid. This option is considered unlikely since the rate on these loans (4.75%) is much higher than today's PWLB rates.

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st March 2022 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2022 £000s
PFI Liabilities	(191,339)	-	(246,546)	-	(246,546)
Finance Lease Liabilities	(2,036)	-	(2,036)	-	(2,036)
Other Local Authority Debt	-	-	-	-	-
Other Liabilities	(686)	-	(686)	-	(686)
Total Other Liabilities	(194,061)	-	(249,268)	-	(249,268)

[Balance Sheet](#)

The fair value of financial liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st March 2021 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2021 £000s
PWLB Borrowings	(524,882)	-	(674,068)	-	(674,068)
LOBOs	(56,686)	-	(106,426)	-	(106,426)
Temporary Loans	(66,692)	-	(78,740)	-	(78,740)
Other	(1,758)	-	(1,500)	-	(1,500)
Total Valuation	(650,018)	-	(860,734)	-	(860,734)

[Balance Sheet](#)

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st March 2021 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2021 £000s
PFI Liabilities	(199,562)	-	(349,894)	-	(349,894)
Finance Lease Liabilities	(2,608)	-	(2,608)	-	(2,608)
Other Local Authority Debt	-	-	-	-	-
Other Liabilities	(689)	-	(689)	-	(689)
Total Other Liabilities	(202,859)	-	(353,191)	-	(353,191)

[Balance Sheet](#)

Valuation Techniques used to Determine Level 2 Fair Values for Financial Liabilities

STATEMENT OF ACCOUNTS 2021/22

The financial liabilities' fair value can be assessed by calculating the present value of cash flows that take place over the remaining life of the instruments using the following assumptions:

- The Council's Treasury Management Advisors, Link Asset Services, have provided the Council with Fair Value amounts in relation to its loan portfolio. Link Asset Services have assessed the Fair Values by discounting the contractual cash flows over the life of the loan based on the PWLB New Loan Rate at the Balance Sheet date;
- Market loan fair value calculations have been provided by the Council's Treasury Advisors, Link Asset Services and have been calculated by discounting the contractual cash flows over the life of the loan based on the PWLB New Loan Rate at the Balance Sheet date;
- No early repayment or impairment is recognised for any financial instrument; and
- The fair value of short term investments, including trade payables and receivables is assumed to be approximate to the carrying amount.

There were no transfers between input levels 1 and 2 or changes in the valuation technique used during the year.

Note 28 – Nature and Extent of Risks Arising From Financial Instruments

Description:

This note explains the risk of the financial instruments detailed in [Note 27](#) in respect of credit risk, liquidity risk and market risk.

Financial Instruments – Risks

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

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market Risk – the possibility that financial loss might arise for the Council as a result of interest rate movements.

Overall Procedures for Managing Risk

The Council has adopted CIPFA's Treasury Management Code which provides a framework for effective treasury management in public sector organisations, including the effective control of risk.

In accordance with the Treasury Management Code, the Council produces an annual Treasury Management Strategy (approved by Full Council prior to each financial year) which sets out the high level parameters for managing these risks. The Council also maintains a suite of Treasury Management Practice (TMP) documents which specify the practical arrangements to be followed in each risk area.

The Council has strong arrangements around the governance and scrutiny of Treasury Management activities, over and above those prescribed in the Treasury Management Code. The Treasury Management Panel, comprising of Elected Members and Senior Officers from within the Council, meets on a quarterly basis to oversee operations and to make decisions on strategy.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The effective management of credit risk and safeguarding the security of the Council's investments was a key Treasury Management priority in 2021/22.

Regular Treasury Investments

The Treasury Management Strategy includes an Annual Investment Strategy (AIS) in compliance with the DLUHC's Investment Guidance. The AIS aims to reduce credit risk by requiring that deposits are not made with financial institutions unless they meet specified criteria. During 2021/22 the **minimum** criteria for investments has remained as a long term Fitch rating of A-, or the equivalent rating from other agencies.

Whilst credit ratings remain a key source of information, the Council bases investment decisions on a range of credit indicators and takes account of the following market information:

- GDP;
- Net Debt as a Percentage of GDP;

STATEMENT OF ACCOUNTS 2021/22

- Sovereign Support Mechanisms / potential support from parent institution;
- Share Price; and
- Credit Default Swaps.

In accordance with the Council's AIS, investments were made with the following institution types, none of which were considered to pose an immediate credit risk (further details are available in the Council's Treasury Final Accounts Report):

- Local Authorities;
- Banks; and
- AAA Rated Money Market Funds.

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. Since the Council only invests in high quality institutions and products, its regular treasury investments have been measured on a 12-month basis. Based on the historic risk of default data provided by Link Asset Services (the Council's treasury management advisors), the loss allowance required is immaterial.

From a credit risk perspective, the Council is not anticipating any significant issues with its treasury investments despite the currently uncertain economic climate. For instance, the majority of the Council's investments are placed with high quality Money Market Funds designed to provide security and liquidity. The parameters in which these funds are managed have been tightened (e.g. shorter investment durations) to further reduce the risk of default. It is also worth noting that officers closely monitor changes in the credit ratings/CDS prices of Link Asset Services' suggested counterparties. On that basis we have no evidence to suggest that the expected credit loss calculations need revising.

Trade Debtors

In addition to its regular treasury investments, the Council had £11.716M of trade debt outstanding at the year end. The Council does not generally allow credit for its trade debtors, such that £5,434M of the outstanding balance is past its due date for payment (£3.894M of £11.396M in 2020/21). The past due amount can be analysed by age as follows:

31st March 2021 £000s	Aged Debt Analysis:	31st March 2022 £000s
1,481	Less Than Three Months	2,755
665	Three to Six Months	782
667	Six Months to One Year	729
1,081	More Than One Year	1,168
3,894		5,434

The Council also recognises expected credit losses on its trade debtors on a lifetime basis. Trade debtors are not subject to internal credit rating and have been collectively assessed using provision matrices - based on historical data for defaults adjusted for current and forecast economic conditions. Debt write-off is considered when normal recovery procedures have been unable to secure payment. Prior to write-off, all possible action will have been taken to secure the debt, however the extent to which it is pursued is dependent on the amount of the debt and the financial circumstances of the debtor. Further details are disclosed in [Note 27](#).

Third Party Loans

The Council also holds a number of third party loans on its balance sheet, which are assessed on an individual instrument basis. Loss allowances have been assessed using a range of factors such as the purpose of the loan, any amounts past due, any rescheduling that has taken place and whether or not the loan is secured. Where the risk of loss has increased since the loan was made, expected credit losses have been assessed on a lifetime basis. All other loans have been assessed on a 12-month basis. Further details are disclosed in [Note 27](#).

Liquidity Risk

The Council continues to maintain a short maturity duration for investments, primarily using instant access Call Accounts and Money Market Funds to manage liquidity requirements. Additionally, the Barclays Flexible Interest Bearing Current Account (FIBCA) continued to be used to move funds between accounts and manage day to day cash requirements.

To protect itself in the current economic climate, the Council kept other fixed-term investments short-term to cover cash flow needs, but also sought out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.. In addition, the Council has ready access to borrowings from the Money Markets and the Public Works Loan Board. As such there is no perceived risk that the Council will be unable to raise finance to meet its commitments.

The maturity of investments made with banks and financial institutions is as follows:

STATEMENT OF ACCOUNTS 2021/22

2020/21 Carrying Value	2020/21 Percentage	Years	2021/22 Carrying Value	2021/22 Percentage
£000s	%		£000s	%
115,060	100	Less Than One Year	189,104	100
-	-	Between One & Two Years	-	-
-	-	Between Two & Three Years	-	-
-	-	More Than Three Years	-	-
-	-	Uncertain Date	-	-
115,060	100	Carrying Value	189,104	100

Refinancing Risk

The Council maintains a significant debt portfolio and has to ensure that it will not be exposed to refinancing a significant proportion of its borrowing at a time of unfavourable interest rates. The approved prudential indicator for the maturity structure of debt is a key control in managing this risk.

The maturity analysis of the carrying amount of the Council's borrowing as at 31st March 2022 is as follows:

2020/21 Carrying Value	2020/21 Percentage	Years	2021/22 Carrying Value	2021/22 Percentage
£000s	%		£000s	%
(17,394)	3	Less Than 1 Year	(32,739)	5
(39,136)	6	Between One & Two Years	(18,435)	3
(29,276)	5	Between Two & Five Years	(24,703)	4
(35,428)	6	Between Five & Ten Years	(29,420)	4
(29,890)	5	Between Ten & Twenty Years	(29,500)	4
(83,126)	13	Between Twenty & Thirty Years	(91,061)	13
(160,900)	24	Between Thirty & Forty Years	(173,930)	26
(192,030)	30	More Than Forty Years	(227,700)	33
(56,757)	8	Uncertain Date *	(56,757)	8
(643,937)	100	Total	(684,245)	100

A maturity analysis of the Council's PFI and finance lease liabilities is provided [Note 25](#) and [Note 26](#).

* The Council has £55M of "Lender's Option, Borrower's Option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. The maturity date is therefore uncertain.

In addition, the Council has a loan arrangement with the West Yorkshire Combined Authority (£1.757M). Repayment of the loan is directly connected to Business Rate levels and the maturity date is therefore uncertain.

Market Risk

Interest Rate Risk: The Council is exposed to risks arising from movements in interest rates. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowing at variable levels – the interest expense will rise;
- borrowing at fixed rates – the fair value of the liabilities will fall;
- investments at variable rates – the interest income will rise; and
- investments at fixed rates – the fair value of the assets will fall.

The Council has a number of strategies for managing interest rate risk which are set out in the Annual Treasury Management Strategy. The main control is to set an upper limit on variable interest rate exposures, measured against the Council's **overall borrowing requirement** (including temporary loans, where the rate available is dependent on market conditions at the time and LOBO loans, where the lender has the option to propose an increase in the rate payable. It also includes the Council's under-borrowed position). As illustrated in the table below, the Council was well within the limits set as at 31st March 2022.

Limit on Variable Rate Borrowing / Unfinanced CFR	Actual (%)	Limit (%)
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STATEMENT OF ACCOUNTS 2021/22

Measured against the Council's overall borrowing requirement | 26 35 |

Borrowings and investments classed as 'Loans and Receivables' are not carried at fair value so any nominal changes to their fair value will not have an 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 that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

This is illustrated in the table below. If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000s
Impact on the Provision of Services (Surplus) / Deficit:	
Increase in Interest Payable on Variable Rate Borrowings	-
Decrease in Interest Payable on Variable Rate Investments	(545)
Impact on the Provision of Services (Surplus) / Deficit	(545)
Share of Overall Impact Debited / Credited to HRA	
Share of Overall Impact Debited / Credited to General Fund	(545)
	(545)
Impact on Other Comprehensive Income & Expenditure:	
Decrease in Fair Value of Fixed Rate Investment Assets	-
Impact on Other Comprehensive Income & Expenditure	-
Decrease in Fair Value of Fixed Rate Borrowings (Premature Repayment Rate)	(176,536)
Decrease in Fair Value of Fixed Rate Borrowings (New Loan Rate)	(73,984)
Decrease in Fair Value of Loans & Receivables	-

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed (with the exception of variable rate investments as the rate of return is currently <1%).

Whilst a 1% change in interest rates has a significant impact on the revenue account, current forecasts are for the interest rate to be adjusted in smaller increments, by 0.25% or 0.50%. Due to current uncertainties within the economy, officers continue to closely monitor interest rate forecasts.

Price Risk: The Council does not generally invest in equity shares but does have shareholdings to the value of £2.000M in a number of joint ventures and in local industry. The Council is consequently exposed to losses arising from movements in the prices of the shares. These equity investments have been designated as fair value through other comprehensive income on the basis that:

- They're not quoted in an active market; and
- They're not held for trading.

Foreign Exchange Risk: The Council has no financial assets or liabilities denominated in a foreign currency. It therefore has no exposure to loss arising as a result of adverse movements in exchange rates.

Note 29 – Inventories

Description:	Inventories are assets held by the Council for consumption on rendering services. This note details the level and movement of these assets.
Relevant Accounting Policies:	Accounting Policy 16

2020/21		2021/22
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STATEMENT OF ACCOUNTS 2021/22

Consumable Stores	Maintenance Materials	Client Services – Work in Progress	Total		Consumable Stores	Maintenance Materials	Client Services – Work in Progress	Total
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
109	992	-	1,101	Balance Outstanding at 1 st April	120	1,066	-	1,186
806	2,148		2,954	Purchases	1,067	1,865		2,932
(795)	(2,069)		(2,864)	Recognised as an Expense in the Year	(1,005)	(1,599)		(2,604)
			-	Transfers				-
	(5)		(5)	Written off Balance		(1)		(1)
120	1,066	-	1,186	Balance Outstanding 31 st March	182	1,331	-	1,513

[Balance Sheet](#)

[Balance Sheet](#)

Note 30 – Local Taxation Debtors

Description: Local Taxation Debtors are assets representing the amounts owed to the Council in respect of local taxation (NNDR and Council Tax).

Relevant Accounting Policies: [Accounting Policy 2](#) / [Accounting Policy 3](#)

31 st March 2021				31 st March 2022		
Debtors £000s	Impairment for Bad Debts £000s	Net £000s		Debtors £000s	Impairment for Bad Debts £000s	Net £000s
720	(715)	5	Business Rates	553	(553)	-
9,570	(9,528)	42	Council Tax	9,788	(9,788)	-
10,290	(10,243)	47	Local Taxation Debtors	10,341	(10,341)	-

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

Note 31 – Other Short Term Debtors

Description: Other Short Term Debtors are assets representing the amounts owed to the Council in respect of other debts.

Relevant Accounting Policies: [Accounting Policy 2](#)

31 st March 2021				31 st March 2022		
Total Debtors £000s	Impairment For Bad Debts £000s	Total £000s		Total Debtors £000s	Impairment For Bad Debts £000s	Total £000s
11,837	(6,490)	5,347	Trade Receivables	11,718	(6,430)	5,288
13,661	-	13,661	Prepayments & Accrued Grant Income	16,330	-	16,330
22,350	-	22,350	Other Receivable Amounts	27,435	-	27,435
47,848	(6,490)	41,358	Total	55,483	(6,430)	49,053

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

Note 32 – Short Term Creditors

Description: Short Term Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.

Relevant Accounting Policies: [Accounting Policy 2](#) / [Accounting Policy 3](#)

31 st March 2021 £000s		31 st March 2022 £000s
(9,950)	Trade Creditors	(11,022)
(16,778)	Other Creditors	(28,313)
(3,722)	Capital Creditors	(6,792)

STATEMENT OF ACCOUNTS 2021/22

(5,229)	Receipts in Advance	(3,945)
(4,104)	Payroll Creditors	(6,230)
(1,120)	NNDR	(7,432)
(4,929)	Council Tax	(4,581)
(2,097)	Other Tax & Social Security	(2,918)
(47,929)	Total	(71,233)
Balance Sheet		Balance Sheet

Note 33 – Grants & Contributions Receipts in Advance

Description:	Grants and Contributions Receipts in Advance are held on the balance sheet until the specific conditions are satisfied. This note outlines the level of receipts in advance held by the Council.
Relevant Accounting Policies:	Accounting Policy 12

The Council 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 transferor if the conditions are not met. All specific income relating to grants, contributions and donations that are significant in value are listed individually in the table below:

31 st March 2021 £000s	Current Liabilities - Capital	31 st March 2022 £000s
	Capital Grants Receipts in Advance:	
(615)	Place - Highways England Grant	(134)
(5,648)	Place - BEIS Public Sector Decarbonisation Grant	(1,214)
-	Place - Social Housing Decarb Fund	(1,674)
-	Place - Sustainable Warmth - LAD	(4,791)
-	Place - Sustainable Warmth - HUG	(522)
-	Place - Market Gate Bridge	(1,055)
-	Place - J37 Phase 2	(5,502)
(563)	People - Devolved Formula Capital (DFC)	(507)
(4,941)	Communities - Disabled Facilities Grant (DFG)	(5,839)
(2,579)	Other Grants	(2,948)
(14,346)	Total Capital Grants Receipts in Advance	(24,186)
	Capital Contributions Receipts in Advance:	
(7,310)	Section 106 Contributions	(9,150)
(597)	Place - Network Rail Contribution	-
(1,349)	Other Contributions	(1,192)
(9,256)	Total Capital Contributions Receipts in Advance	(10,342)
(23,602)	Total Capital Grants & Contributions Receipts in Advance	(34,528)

[Balance Sheet](#)

31 st March 2021 £000s	Current Liabilities - Revenue	31 st March 2022 £000s
	Revenue Grants Receipts in Advance:	
(209)	People - Adoption Support Fund	(43)
(8)	Place - Business Energy & Industrial Strategy Grant	-
-	Place - Community Renewal Fund	(582)
(3,535)	Various - COVID Grants	(72)
(356)	Other	(698)
(4,108)	Total Revenue Grants Receipts in Advance	(1,395)

STATEMENT OF ACCOUNTS 2021/22

(1,654)	Revenue Contributions Receipts in Advance:	(1,537)
(407)	Place – Section 278 Contributions	(341)
(71)	Place – Maintenance Agreements	(62)
(55)	People – Children’s Social Work Matters	-
	Other	
(2,187)	Total Revenue Contributions Receipts in Advance	(1,940)
(6,295)	Total Revenue Grants & Contributions Receipts in Advance	(3,335)

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2021/22

Note 34 – Provisions

Description:	A provision is a liability of uncertain timing or amount. This note details the provisions that the Council has set aside for future obligations.
Relevant Accounting Policies:	Accounting Policy 23

	Insurance Fund	Municipal Mutual Insurance	Trading Standards Legal Case	Rating List / NDR Appeals	LGYH	Other	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 31st March 2020	(3,542)	(183)	(388)	(5,879)	(100)	(13)	(10,105)
Additional Provisions Made in 2020/21	(3,117)	42	-	(480)	-	-	(3,555)
Amounts Used in 2020/21	1,133	-	-	492	-	-	1,625
Unused Amounts Reversed in 2020/21	1,146	-	-	-	-	-	1,146
Balance at 31st March 2021	(4,380)	(141)	(388)	(5,867)	(100)	(13)	(10,889)
Additional Provisions Made in 2021/22	(2,605)	-	-	-	-	-	(2,605)
Amounts Used in 2021/22	957	-	-	460	-	-	1,417
Unused Amounts Reversed in 2021/22	2,016	93	-	1,154	-	-	3,263
Balance at 31st March 2022	(4,012)	(48)	(388)	(4,253)	(100)	(13)	(8,814)
Short Term Provisions	-	-	(388)	(4,253)	(100)	(13)	(4,754)
Long Term Provisions	(4,012)	(48)	-	-	-	-	(4,060)

[Balance Sheet](#)

Insurance Fund

The Council self-insures part of its insurable financial risk by holding excesses on the various insurance policies that it has in place. These excesses apply to various categories of cover including property, public liability and employer's liability. As such, any claim that falls below the policy excess will be a cost to the Council.

In order to fund the cost of these claims, a provision has been made by the Council. The provision included in the 2021/22 accounts is £4.012M (£4.380M in 2020/21) and is based upon 80% of total identified outstanding claims. This level of provision is considered appropriate to fund the cost of claims on the basis of past experience and timescales in resolving outstanding claims.

The Council also continues to monitor claims experience and has identified an appropriate reserve to meet other potential insurance claims.

Municipal Mutual Insurance (MMI)

Municipal Mutual Insurance was the Council's insurer until their demise in 1992. A Scheme of Arrangement was set up with its creditors under which MMI continued to settle all outstanding claims whilst they had sufficient funds to do so. In the eventuality that the company became insolvent, a clawback clause would be triggered with the Council liable to repay MMI in full or part. This Scheme of Arrangement was triggered in November 2012 and as such the Council set aside an amount totalling £1.689M in the 2012/13 accounts. This was based on an estimate of its maximum liability at that time.

During 2021/22, £0.093M has been utilised, leaving £0.48M remaining on the provision as at 31st March 2022.

South Yorkshire Trading Standards

The Council carries a provision for the anticipated losses relating to the alleged financial irregularities in the South Yorkshire Trading Standards Service. As at 31st March 2014, this provision remained at £2.300M. In May 2014, the Council received further information regarding a provisional settlement figure to be paid during 2014/15, equating to £1.912M for its share of the losses. The remaining provision stands at £0.388M.

STATEMENT OF ACCOUNTS 2021/22

Provision for Amendments to The Rating List / NNDR Appeals

On 1st April 2013, The Local Government Finance Act 2012 introduced the business rates retention scheme enabling local authorities to retain a proportion of the business rates generated in their area. Under the scheme, billing authorities are required to make provisions for refunding ratepayers who have appealed against the rateable value of their properties on the rating list.

The total provision on the Collection Fund as at 31st March 2022 has been set at £8.679M, based on a combination of information provided by Analyse Local (a system developed to calculate the value of outstanding appeals using an extensive range of property and historical rating information, used by a number of local authorities across the country) and local knowledge. The total decrease in provision is £3.294M, taking into account settled appeals and including the respective preceptors' share, which is shown within the [Collection Fund Statement](#). The Council's share of this provision as at 31st March 2022 equated to £4.253M.

Local Government Yorkshire & Humber

Local Government Yorkshire and Humber (LGYH) was the partnership of local authorities, including police and crime commissioners, fire and national park authorities. It brought local authorities together on key issues, supported the improvement of service delivery, lobbied Government on the future of local government, promoted good employment practices, and worked with local authorities to improve the public perception of local government.

The decision was made by member authorities to dissolve LGYH with effect from 31st March 2015 and terminate the LGYH Admission Body Agreement with the West Yorkshire Pension Fund (WYPF).

The respective authorities decided that the exit payment due to WYPF as a result of the termination would be apportioned between each organisation. The estimate of the full exit payment is £2.4M of which £0.1M relates to Barnsley MBC's share.

Other Provisions – Section 117 Provision

On the 28th July 1999, the High Court ruled that local authorities may not charge for services provided under Section 117 of the Mental Health Act 1983. This provision relates to the possible reimbursement of charges where these have previously been levied.

Note 35 – Contingent Liabilities

Description:	This note outlines the areas by which the Council may incur a potential liability, depending on the outcome of an uncertain future event.
Relevant Accounting Policies:	Accounting Policy 24

Municipal Mutual Insurance

As highlighted above, the Council has set aside a provision relating to a liability for the outstanding insurance claims placed with Municipal Mutual Insurance (MMI) Limited. The amount set aside is higher than the recommended amount set by MMI Ltd's insolvency scheme administrator and is therefore considered prudent to sufficiently settle the Council's potential liability.

Pension Guarantee – Berneslai Homes

The Council guarantees the full amount of the pension fund deficit of Berneslai Homes Ltd estimated at £25.716M as at 31st March 2022 (£39.626M as at 31st March 2021), although the Council considers it highly unlikely that this guarantee will be called in.

Business Rate Appeals

As highlighted above, the Council has included a provision of £4.253M in relation to business rates appeals outstanding as at 31st March 2022. It is difficult to estimate the likelihood of businesses both submitting and being successful with an appeal and the Council has therefore made no provision in the accounts in relation to un-lodged appeals.

Term Time Holiday Pay

The Council may be subject to a legal challenge from its part time employees over the calculation of their holiday entitlement as a result of the ongoing legal case - *Brazel v The Harper Trust*. As at the 31st March 2022, the case was still ongoing where the defendant was given the right to appeal in the Supreme Court.

STATEMENT OF ACCOUNTS 2021/22

Note 36 – Defined Contribution Pension Schemes

Description:	A Defined Contribution Pension Scheme is a pension scheme where the Council pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets.
Relevant Accounting Policies:	Accounting Policy 9

Teachers' Pensions Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Business Services Ltd on behalf of the Department for Education (DfE). The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is technically a defined benefit scheme. However, the Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2021/22, the council paid £5.252M to teachers' Pensions in respect of teachers' retirement benefits representing 23.68% of pensionable pay. 2020/21, payments were £5.226M representing 23.68% of pensionable pay. There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in [Note 37](#) below.

NHS Pensions Scheme

As at 1st April 2013, the Council took full responsibility for the Public Health function from the NHS as per The Health and Social Care Act 2012. Public Health employees were transferred to the Council at this time under The Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). In addition, from the 1st April 2016, the 0-19's group transferred to the Council.

Public Health employees employed by the Council are members of the NHS Pension Scheme, administered by the NHS Business Service Authority. The scheme provides employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The Public Health employees that were transferred on the 1st April 2014 will remain in the NHS Pension Scheme. All new employees will be enrolled into the Local Government Pension Scheme.

The Scheme is a multi-employer defined benefit scheme. The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer. In 2021/22, the Council paid £0.254M to NHS Pensions in respect of Public Health employees' retirement benefits, representing 14.48% of pensionable pay, with 0.08% of this being a levy cost. The comparative figures for 2020/21 were £0.245M representing 14.48% of pensionable pay.

Note 37 – Defined Benefit Pension Schemes

Description:	A Defined Benefit Pension Scheme is one that is not classed as a Defined Contribution Scheme. This note explains such schemes that the Council has.
Relevant Accounting Policies:	Accounting Policy 9

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in the South Yorkshire Pension Fund. 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.

In addition to the funded element of the scheme, the Council also accounts for an unfunded element in relation to discretionary benefits. These amounts have been shown as a separate column in the tables below for information.

STATEMENT OF ACCOUNTS 2021/22

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported Net Cost of Services in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made 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 on Reserves Statement during the year:

2020/21 £000s		2021/22 £000s
	<u>Comprehensive Income & Expenditure Statement:</u>	
	<i>Cost of Services:</i>	
28,677	- Current Service Cost	38,448
-	- Past Service Costs	292
565	- Settlements & Curtailments	(626)
459	- Administration Expenses	-
	<i>Financing & Investment Income & Expenditure:</i>	
9,537	- Net Interest Cost	9,499
39,238	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	47,613
	<i>Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement:</i>	
	<i>Re-measurement of The Net Benefit Liability Comprising:</i>	
(178,676)	- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense)	(86,081)
(29,669)	- Experience (Gains) / Losses	3,739
-	- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	-
225,069	- Actuarial (Gains) and Losses On Changes in Financial Assumptions	(62,264)
-	- Business Combinations	-
16,724	Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure *	(144,606)
55,962	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(96,993)

* The remeasurement of the net benefit liability is a result of the change in assumptions made by the Actuary over the period. A table of these assumptions used and how they have changed over time can be found within this Note. Relatively small changes in these assumptions can sometimes result in significant (gains) / losses within the year as they are all interdependent with each other.

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2022 is a loss of £8.241M (£152.847M loss as at 31st March 2021).

2020/21 £000s		2021/22 £000s
	<u>Movement in Reserves Statement:</u>	
(39,238)	- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with The Code	(47,613)
	<u>Actual Amount Charged Against the General Fund Balance for Pensions for the Year:</u>	
19,357	Employers' Contributions Payable to Scheme	19,720
-	Retirement Benefits Payable to Pensioners	-
(19,881)	Net Adjustment to Surplus or Deficit for the Provision of Services	(27,893)

[Note 3](#)

[Note 3](#)

STATEMENT OF ACCOUNTS 2021/22

Pension Assets and Liabilities Recognised in the Balance Sheet

2020/21 £000s		2021/22 £000s
(1,592,047)	Present Value of The Defined Benefit Obligation	(1,569,445)
1,148,649	Fair Value of Plan Assets	1,241,979
(443,398)	Net Liability Arising From Defined Benefit Obligation	(327,466)
Balance Sheet		Balance Sheet

The defined benefit obligation includes £37.030M which relates to unfunded obligations as at 31st March 2022 (£38.978M as at 31st March 2021).

Reconciliation of Fair Value of the Scheme (Plan) Assets

2020/21 £000s		2021/22 £000s
963,028	Opening Balance at 1st April	1,148,649
22,933	Interest Income	23,924
	<i>Re-measurement Gains and (Losses):</i>	
178,676	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	86,081
(461)	Administration Expenses	-
-	Business Combinations	-
(1,714)	Settlements	(639)
20,920	Employer Contributions	18,939
6,079	Contributions by Scheme Participants	6,436
(40,812)	Benefits Paid	(41,411)
1,148,649	Closing Balance at 31st March	1,241,979

Local Government Pension Scheme Assets Comprised:

Asset Type	2020/21	
	Fair Value of Scheme Assets £000s	Percentage of Total %
Cash & Cash Equivalents	13,784	1.20
Total Cash & Cash Equivalents	13,784	1.20
<u>Equity Instruments:</u>		
UK Quoted	119,460	10.40
UK Unquoted	-	-
Overseas Quoted	441,081	38.40
Overseas Unquoted	-	-
Total Equity Instruments	560,541	48.80
<u>Bonds:</u>		
UK Government Fixed	-	-
UK Government Indexed	120,608	10.50
Overseas Government Fixed	29,865	2.60
Overseas Government Indexed	-	-
UK Other	57,432	5.00
Overseas Other	33,311	2.90
Total Bonds	241,216	21.00
<u>Property:</u>		
UK Direct	89,595	7.80
Overseas	-	-
Property Funds	11,486	1.00
Total Property	101,081	8.80
<u>Other Investment Funds:</u>		
Pooled Investment Vehicles	232,027	20.20
Total Other Investment Funds	232,027	20.20
Total Scheme Assets	1,148,649	100.00

STATEMENT OF ACCOUNTS 2021/22

The Council's actuary for 2021/22 classifies the assets in different way to the previous actuary so a separate table is provided.

Asset Type	2021/22			
	Quoted £000s	Unquoted £000s	Total £000s	Percentage of Total %
Cash & Cash Equivalents	13,851	-	13,851	1.12
Total Cash & Cash Equivalents	13,851	-	13,851	1.12
Equity Securities	2,982	6	2,988	0.24
Total Equity Securities	2,982	6	2,988	0.24
Debt Securities:				
Corporate Bonds (Non-Investment Grade)	-	135	135	0.01
UK Government	-	7,411	7,411	0.60
Other	3,527	58,436	61,963	4.99
Total Debt Securities	3,527	65,982	69,509	5.60
Private Equity	2,672	119,065	121,737	9.80
Total Private Equity	2,672	119,065	121,737	9.80
Real Estate:				
UK	2,057	102,620	104,677	8.43
Overseas	-	1,673	1,673	0.13
Total Real Estate	2,057	104,293	106,350	8.56
Investment Funds & Unit Trusts:				
Equities	-	578,694	578,694	46.59
Bonds	-	223,082	223,082	17.96
Infrastructure	15,948	86,655	102,603	8.26
Other	-	23,165	23,165	1.87
Total Investment Funds & Unit Trust	15,948	911,596	927,544	74.68
Total Scheme Assets	41,037	1,200,942	1,241,979	100.00

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

2020/21 £000s		2021/22 £000s
(1,371,380)	Opening Balance at 1st April	(1,592,047)
(28,678)	Current Service Cost	(38,448)
-	Past Service Cost	(292)
(32,470)	Interest Cost	(33,423)
(6,079)	Contributions by Scheme Participants	(6,436)
	<i>Re-measurement Gains and (Losses):</i>	
29,669	- Experience Gains / (Losses)	(3,739)
-	- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	-
(225,069)	- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	62,264
(2,035)	Gains / (Losses) Curtailments	-
40,812	Benefits Paid	41,411
3,183	Liabilities Extinguished on Settlements	1,265
-	Business Combinations	-
(1,592,047)	Closing Balance at 31st March	(1,569,445)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit cost method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hyman Robertson LLP, an independent firm of actuaries with estimates for the Council fund being based on the latest full valuation of the scheme which took place on 31st March 2020 for the period 1st April 2020 to 31st March 2023.

STATEMENT OF ACCOUNTS 2021/22

The principal assumptions used by the actuary have been:

2020/21			2021/22	
1 st April	31 st March		1 st April	31 st March
Years	Years	Mortality Assumptions:	Years	Years
22.4	22.5	Longevity at 65 for Current Pensioners (Male)	22.5	22.6
25.2	25.3	Longevity at 65 for Current Pensioners (Female)	25.3	25.4
23.9	24.0	Longevity at 65 for Future Pensioners (Male)	24.0	24.1
27.1	27.2	Longevity at 65 for Future Pensioners (Female)	27.2	27.3
%	%	Other:	%	%
2.1	2.7	Rate of CPI	2.8	3.2
3.35	3.95	Rate of Increase in Salaries	3.95	4.2
2.2	2.8	Rate of Increase in Pensions	2.8	3.2
2.4	2.1	Discount Rate	2.1	2.7

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has 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 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.

2020/21		2021/22
Increase in Assumption £000s	Impact on the Defined Benefit Obligation in the Scheme *	Increase in Assumption £000s
(48,448)	- Longevity (Increase or Decrease in 1 Year)	(62,748)
(26,854)	- Rate of Inflation (Increase or Decrease by 0.1%)	(23,535)
(2,767)	- Rate of Increase in Salaries (Increase or Decrease by 0.1%)	(3,659)
26,408	- Rate of Discounting Scheme Liabilities (Increase or Decrease by 0.1%)	27,430

* A negative figure represents an increase to the obligation whereas a positive figure represents a decrease to the obligation.

Furthermore, changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could all affect the fair value of property-based investments. The total value of property investments in the Net Assets Statement for 2021/22 totals £106.4M (£101.1M in 2020/21) based on property held in the pension fund. At 31st March 2022, there are a range of potential outcomes. For illustrative purposes, falls of 5% or 10% would result in reductions to the values in the Net Assets Statement of £5.25M or £10.5M respectively. However, it should be noted that this is illustrative only and is not necessarily indicative of the actual effects that would be experienced.

Other Considerations

There are currently a number of cases that are in the process of being presented from a legal perspective, that may or may not have an impact on the Council's ongoing obligations in terms of its net pension liability.

McCloud Case – This case relates to an age discrimination issue and is currently in the judicial process. The estimated impact on the Council's pension fund net liability is included within these accounts.

Goodwin Case – This case relates to a gender discrimination issue in relation to widower's pensions and is currently also in the judicial system. The estimated impact on the Council's pension fund net liability is not included within these accounts as is expected to be not material.

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a relatively constant rate, as much as practically possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The latest triennial valuation that the 2021/22 figures are based was completed on 31st March 2020 in respect of the 3 year period 2020/21 – through 2022/23.

STATEMENT OF ACCOUNTS 2021/22

The scheme will need to take account of the national changes to the scheme under the Public Pensions 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 31st March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

The Council anticipates paying £15.876M expected contributions to the scheme in 2022/23.

The weighted average duration of the defined benefit obligation for scheme members is 18 years during 2021/22.

NOTES PRIMARILY RELATING TO THE CASHFLOW STATEMENT

Note 38 – Cash Flow Statement – Operating Activities

Description:	Operating activities are the activities of the Council that are not investing or financing activities.
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Included within the cash flows for operating activities include the following items:

2020/21 £000s		2021/22 £000s
43,342	Interest Paid	43,014
(819)	Interest Received	(805)
(113)	Dividends Received	(113)

Note 39 – Cash Flow Statement – Investing Activities

Description:	Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.
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2020/21 £000s		2021/22 £000s
108,909	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	81,206
720	Other Payments for Investing Activities	-
(5,651)	Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	(13,445)
3,033	Net (Receipts) / Payments From Short Term & Long Term Investments	75,013
(42,564)	Other Receipts From Investing Activities	(52,049)
64,447	Net Cash (Inflows) / Outflows From Investing Activities	90,725

[Cash Flow](#)

Note 40 – Cash Flow Statement – Financing Activities

Description:	Financing activities are activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.
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2020/21 £000s		2021/22 £000s
27,269	Net (Receipts) / Payments From Short Term & Long Term Borrowing	(37,758)
11,333	Council Tax & NNDR Adjustment / Collection Fund	(7,400)
7,620	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases & On-Balance Sheet PFI Contracts	8,895
46,222	Net Cash (Inflows) / Outflows From Financing Activities	(36,263)

[Cash Flow](#)

STATEMENT OF ACCOUNTS 2021/22

Note 41 – Cash Flow Statement – Reconciliation of Liabilities Arising from Financing Activities

Description:	This note provides reconciliation of outstanding liabilities which have arisen from financing activities.
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	2021/22				
	Long Term Borrowing	Short Term Borrowing	Finance Lease Liabilities	On Balance Sheet PFI Liabilities	Total Liabilities from Financing Activities
	£000s	£000s	£000s	£000s	£000s
Opening Balance at 1st April	(628,230)	(21,788)	(2,608)	(199,562)	(852,188)
Financing Cash Flows	(24,928)	(12,830)	672	8,223	(28,863)
Non Cash Changes:					
- Acquisition	-	-	(100)	-	(100)
- Other Non-Cash Changes	-	(2,688)	-	-	(2,688)
Closing Balance at 31st March	(653,158)	(37,306)	(2,036)	(191,339)	(883,839)

	2020/21				
	Long Term Borrowing	Short Term Borrowing	Finance Lease Liabilities	On Balance Sheet PFI Liabilities	Total Liabilities from Financing Activities
	£000s	£000s	£000s	£000s	£000s
Opening Balance at 1st April	(645,650)	(33,094)	(3,242)	(206,568)	(888,554)
Financing Cash Flows	17,420	9,849	614	7,006	34,889
Non Cash Changes:					
- Acquisition	-	-	-	-	-
- Other Non-Cash Changes	-	1,457	20	-	1,477
Closing Balance at 31st March	(628,230)	(21,788)	(2,608)	(199,562)	(852,188)

NOTES RELATING TO OTHER DISCLOSURES

Note 42– Trust Funds & Other Third Party Funds

Description:	Trust Funds are charity funds that the Council is trustee for. This note explains the purpose of those major funds.
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The Council acts as sole or custodian trustee for 13 trust funds and as one of several trustees for a further 24 funds. In neither case do the funds represent assets of the Council and they have not been included in the Council's Balance Sheet.

2020/21 £000s	Trust Funds / Charities	Details	2021/22 £000s
160	Sole / Custodian Trustees:		161
297	Hoyland Nether Recreation Ground	Land left in trust to benefit the residents of Hoyland	297
50	Captain Allots	Assist groups / clubs in Hemmingfield & Jump	47
10	Amenity Funds	Monies for residents of Social Services Residential Homes	10
36,252	Cutlers Charity	Relief of financial hardship within the Barnsley Borough	32,770
-	Penistone Grammar School – Foundation Fund	Provide special benefits not normally provided by the LEA for Penistone Grammar School	-
-	Others	Various Other Funds	-
36,769			33,285
115	Other Funds:		123
59	Prisoner of War Fund	Grants / Loans for the benefit of ex-service personnel	59
109	Goldthorpe Recreation Ground	Benefits the community of Goldthorpe	110
283	Others	Other Funds	292
37,052	Total Capital Value of Funds		33,577

STATEMENT OF ACCOUNTS 2021/22

The assets shown below represent the above fund balances:

2020/21		2021/22
£000s	Balance Sheet at 31 st March	£000s
	Assets:	
35,868	Fixed Assets	32,310
598	Investments	630
442	Cash	495
144	Other Net Assets	142
37,052		33,577
	Represented by:	
37,052	Fund Balances	33,577

In respect of Penistone Grammar Trust, as the Council is sole trustee and the value is deemed material, the accounts of the Trust are recognised within the Council's [Group Accounts](#).

STATEMENT OF ACCOUNTS 2021/22

SECTION 6 – ACCOMPANYING FINANCIAL STATEMENTS

THE HOUSING REVENUE ACCOUNT

HOUSING REVENUE ACCOUNT – COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

2020/21 £000s		2021/22 £000s	
	Income		
(70,231)	Dwelling Rents (Gross)	(71,133)	
(339)	Non-Dwelling Rents (Gross)	(297)	
(1,070)	Charges for Services and Facilities	(1,031)	
(853)	Contributions Towards Expenditure	(1,010)	
(72,493)	Total Income	(73,471)	CI&ES
	Expenditure		
20,053	Repairs & Maintenance	21,551	
18,000	Supervision & Management	18,433	
216	HRA Share of Corporate & Democratic Core	240	
251	Rents, Rates, Taxes & Other Charges	295	
16,524	Depreciation	16,580	Note E
647	Impairment of Bad Debts	800	
17,090	Impairment / (Reversal of Previous Years' Impairments) of Non-Current Assets	22,732	Note F
-	Revenue Expenditure Funded By Capital Under Statute	689	Note G
72,781	Total Expenditure	81,320	CI&ES
288	Net Cost of HRA Services as Included in the Comprehensive Income & Expenditure Statement	7,849	CI&ES
	HRA Share of Other Operating Income & Expenditure in The CI&ES		
(847)	(Gain) / Loss on Disposal of HRA Fixed Assets	3,145	
(847)		3,145	
	HRA Share of Financing & Investment Income & Expenditure in The CI&ES		
10,512	Interest Payable & Similar Charges	10,267	
-	Premium Incurred on Early Redemption of Debt	-	
(108)	Interest & Investment Income	(30)	
10,404		10,237	
9,845	(Surplus) / Deficit for the Year on HRA Services	21,231	MIRS

MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2020/21 £000s		2021/22 £000s	
31,817	Balance on the HRA at the End of the Previous Year	30,952	
(9,845)	Surplus or (Deficit) for the Year on the HRA Income & Expenditure Statement	(21,231)	MIRS
8,980	Adjustments Between Accounting Basis and Funding Basis Under Statute	19,122	Note 3 / MIRS
(865)	Increase / (Decrease) in the Housing Revenue Account Balance	(2,109)	
30,952	Balance on the HRA at the End of the Current Year	28,843	EFA / Note 4

STATEMENT OF ACCOUNTS 2021/22

NOTES TO THE HOUSING REVENUE ACCOUNT

Note A – Analysis of Housing Stock as at 31st March

Description:	This note gives an analysis of the Council's housing stock in terms of both types of dwellings within the portfolio and valuation information.
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The number of council house dwellings held at the year-end can be analysed as follows:

31 st March 2021	Analysis of Housing Stock	31 st March 2022
8,570	Detached/Semi Detached Houses	8,430
1,908	Terraced House	1,887
4	House/Shop	4
3,124	Flats / Bedsits	3,117
4,640	Bungalows	4,638
18	Maisonette	19
18,264	Total	18,095

HRA Balance Sheet Information:

2020/21	Asset Category	2021/22
Value as at 31st March £000s		Value as at 31st March £000s
647,463	Dwellings	715,990
23,636	Other Land & Buildings	20,941
293	Vehicles, Plant, Furniture & Equipment	204
119	Infrastructure Assets	110
510	Assets Under Construction	2,026
525	Surplus Assets	692
34	Intangible Assets	20
-	Assets Held for Sale	-
672,580	Total	739,983

Note B – Vacant Possession Value of Council Housing Stock

Description:	This note explains the valuation methodology of the Council's dwellings in respect of the discount factor applied.
--------------	--

The vacant possession value of dwellings within the HRA as at 31st March 2022 was £1.746 Billion (31st March 2021 value: £1.618 Billion).

To arrive at the Balance Sheet value of dwellings, the vacant possession value is reduced to reflect the fact that there are sitting tenants enjoying sub-market rents and tenants' rights including the Right to Buy. The adjustment factor (41% of the vacant possession value) measures the difference between market rents and sub-market rents. It shows the economic cost to Central Government of providing council housing at less than market rents.

Note C – Analysis of the Movement on the Major Repairs Reserve

Description:	This note shows the movement on the Council's major repairs reserve.
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2020/21 £000s	Major Repairs Reserve	2021/22 £000s
(14,822)	Balance Brought Forward	(19,014)
(16,524)	Credits:	(16,580)
(4,624)	In Year Depreciation Charge	(3,690)
(21,148)	Additional Contribution to Major Repairs Reserve	(20,270)
16,956	Debits:	21,165
16,956	Capital Expenditure for HRA Purposes	21,165
(19,014)	Balance to Carry Forward	(18,119)

[Note E](#)

STATEMENT OF ACCOUNTS 2021/22

Note D – HRA Capital Expenditure and Capital Receipts

Description:	This note shows the total capital expenditure within the HRA and the amount of receipts received during the period.
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An analysis of capital expenditure within the HRA and sources of finance:

2020/21 £000s	Capital Financing	2021/22 £000s
-	Borrowing	-
1,125	Capital Receipts	1,167
-	Revenue Contributions	1,255
2,556	Reserves	2,437
16,956	Major Repairs Reserve	21,165
137	Grants and Contributions	759
20,774	Total Capital Expenditure Within the HRA	26,783

A summary of total capital receipts within the Council's HRA:

2020/21 £000s	Capital Receipts	2021/22 £000s
4,458	Council House Sales (Net)	4,584
-	Other Land	-
-	Other Buildings	-
-	Non Disposals	-
-	Mortgages and Housing Act Advances	-
4,458	Total	4,584

Note E – HRA Depreciation

Description:	This note outlines the Council's depreciation methodology in respect of its Council Dwelling stock together with the actual charge for the period.
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Authorities are required to charge depreciation on all HRA properties calculated in accordance with proper practices. The Service Director – Finance (S151 Officer) has determined a componentised approach to depreciation of Council Dwellings.

The straight line depreciation method has also been used for non-dwelling properties in accordance with proper practices including IAS 16 principles. The table below details the depreciation charge made to the HRA.

2020/21 £000s	Depreciation	2021/22 £000s
15,929	Council Dwellings	16,031
471	Other Land & Buildings	436
98	Vehicle, Plant, Furniture & Equipment	90
9	Infrastructure Assets	9
-	Surplus Assets Not Held for Sale	-
17	Intangible Assets	14
16,524	Total	16,580

Note F – HRA Impairments / Revaluation Losses

Description:	This note shows the charges to the HRA in respect of revaluation losses on assets.
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In the 5 year period between 2012/13 to 2016/17 inclusive, the revaluation/impairment losses incurred against the Council's HRA non-dwellings were required to be charged against the Housing Revenue Account balance in its entirety, in accordance with The Code of Practice.

From 2017/18, this element of The Code has been updated to reflect the revised statutory provisions governing capital accounting, in respect of what can and cannot be charged to the HRA balance. The outcome of which was the allowance to reverse these entries to mitigate the impact on the HRA balance.

STATEMENT OF ACCOUNTS 2021/22

2020/21 £000s	Impairments / Revaluation Losses	2021/22 £000s
17,221	Impairments / Revaluations Losses – Non-Value Adding Expenditure	22,680
10	Impairments / Revaluations Losses	80
(141)	Reversal of Previous Revaluation Losses	(28)
17,090	Total	22,732

Note G – HRA Revenue Expenditure Funded from Capital Under Statute

Description:	This note explains any HRA expenditure that is defined as revenue but under statute, can be treated as capital.
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During 2021/22, the Council's HRA incurred capital expenditure totalling £0.689M that relates to assets not controlled by the Council. The related assets are a new housing repairs system that is controlled by Berneslai Homes, on the Council's behalf.

There was no such expenditure relating to the HRA during 2020/21.

Note H – HRA Rent Arrears

Description:	This note explains the level of outstanding rent arrears together with the debts provided for, that are potentially uncollectable.
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Housing rent arrears total £3.477M as at 31st March 2022 (£2.845M as at 31st March 2021).

A bad debts provision has been made in the accounts in respect of potentially uncollectable rent. The value of the provision at 31st March 2022 is £3.477M (£2.845M as at 31st March 2021). The movement in the year comprises of the value of rent arrears written off during the year totalling £0.182M (£0.365M in 2020/21) and an increase in the provision of £0.815M resulting from a review of the levels of rent arrears. Although the Council has made a provision for potentially uncollectable debts, it is still the Council's policy to pursue debts whilst this is economically viable.

Note I – Income / Expenditure in the HRA directed by the Secretary of State

Description:	This note explains any HRA income or expenditure that has been directed by the Secretary of State.
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There has not been any income or expenditure incurred by the HRA that required the Secretary of State's approval.

Note J – Exceptional Items

Description:	This note details any material, exceptional items within the HRA.
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There have not been any material exceptional items within the HRA in 2021/22.

STATEMENT OF ACCOUNTS 2021/22

COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority, in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and Non-Domestic Rates.

2020/21			COLLECTION FUND ACCOUNT	2021/22		
COUNCIL TAX	BUSINESS RATES	TOTAL		COUNCIL TAX	BUSINESS RATES	TOTAL
£000s	£000s	£000s		£000s	£000s	£000s
			INCOME:			
(123,538)	-	(123,538)	Council Tax	(128,276)	-	(128,276)
-	(34,150)	(34,150)	Non-Domestic Rates (Note A)	-	(44,326)	(44,326)
(123,538)	(34,150)	(157,688)	Total Income	(128,276)	(44,326)	(172,602)
			EXPENDITURE:			
			<i>Precepts and Demands on Collection Fund by Major Preceptors & the Council:</i>			
101,226	24,157	125,383	BMBC (Including Parish Council Precepts) (Note C)	103,888	22,959	126,847
-	1,376	1,376	Transitional Protection Payments	-	803	803
12,953	-	12,953	South Yorkshire Police Authority (Note C)	13,896	-	13,896
4,879	481	5,360	South Yorkshire Fire & Civil Defence Authority (Note A / Note C)	4,962	455	5,417
119,058	26,014	145,072		122,746	24,217	146,963
			<i>Non-Domestic Rates:</i>			
-	24,045	24,045	Payment to Central Government (Note A)	-	22,769	22,769
-	319	319	Cost of Collection Allowance (to BMBC) (Note A)	-	313	313
-	24,364	24,364		-	23,082	23,082
1,542	476	2,018	Bad Debts Written Off	893	555	1,448
1,419	(172)	1,247	Increase / (Reduction) in Provision for Non-Payment of Council Tax / Business Rates	361	(240)	121
-	979	979	Provision for Business Rate Appeals	-	(2,355)	(2,355)
2,961	1,283	4,244		1,254	(2,040)	(786)
			<i>Estimated Surplus on Collection Fund:</i>			
3,200	763	3,963	Transfer to General Fund	3,200	(7,284)	(4,084)
419	-	419	Transfer to South Yorkshire Police Authority	233	-	233
159	16	175	Transfer to South Yorkshire Fire & Civil Defence Authority	151	(149)	2
-	779	779	Central Government	-	(7,433)	(7,433)
3,778	1,558	5,336		3,584	(14,866)	(11,282)
125,797	53,219	179,016	Total Expenditure	127,584	30,393	157,977
2,259	19,069	21,328	(Surplus) / Deficit for Year	(692)	(13,933)	(14,625)
			COLLECTION FUND BALANCE:			
(20,335)	(5,518)	(25,853)	(Surplus) / Deficit Brought Forward	(18,076)	13,551	(4,525)
2,259	19,069	21,328	(Surplus) / Deficit for Year	(692)	(13,933)	(14,625)
(18,076)	13,551	(4,525)	(Surplus) / Deficit Carried Forward	(18,768)	(382)	(19,150)
			SHARE OF (SURPLUS) / DEFICIT BALANCE:			
(15,289)	6,639	(8,650)	Barnsley MBC	(15,863)	(191)	(16,054)
(2,787)	136	(2,651)	Precepting Authorities	(2,905)	(4)	(2,909)
-	6,776	6,776	Central Government	-	(187)	(187)
(18,076)	13,551	(4,525)	Total	(18,768)	(382)	(19,150)

STATEMENT OF ACCOUNTS 2021/22

NOTES TO THE COLLECTION FUND

Note A – National Non-Domestic Rates

Description:	This note explains how the NDR charges are levied and applied to the Borough's businesses.
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Non-Domestic Rates are calculated on the basis of a property's rateable value (as determined by the Valuation Office Agency) and the annual multipliers set by Central Government. The amount payable may then be subject to transitional arrangements and various reliefs (both mandatory and discretionary).

The income presented in the collection fund statement is based on the total rateable value of the local 'rating list' (adjusted for transitional arrangements and reliefs), and is based on the following values:

	2020/21	2021/22
Total Rateable Value as at 31st March	£141,139	£142,023
Standard Multiplier	0.512	0.512
Small Business Multiplier	0.499	0.499

Non-Domestic rates are collected locally and distributed between authorities in the following proportions:

	%
Central Government	50
Barnsley MBC	49
South Yorkshire Fire & Rescue Authority	1

Note B – Calculation of the Council Tax Base

Description:	This note explains how the Council's Council Tax Base is calculated.
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Council Tax is calculated on the basis of local (residential) property values and the estimated income required by the Council and its preceptors for the forthcoming year.

Each property is classified into one of nine valuation bands (A- to H) based on its estimated value at the 1st April 1991, and adjusted to reflect any discounts, reliefs or exemptions that apply. The number of properties in each valuation band is then multiplied by a specified fraction to arrive at a band D equivalent figure.

The basic charge is calculated by dividing the total Council Tax Requirement (the Council Tax demand on the Collection Fund) for the forthcoming year, by the total number of band D equivalent properties (also referred to as the Council's tax base). This amount is then multiplied by a specified fraction to arrive at the basic charge for each valuation band. The amount payable may then be subject to various discounts, reliefs or exemptions and Parish Council precepts.

The basic amount of Council Tax for a band D property in 2021/22 was £1,875.15 (£1,813.97 for 2020/21), and was based on the tax base in the table below (65,405.995 for 2020/21):

Band	Total No of Dwellings*	Proportion of Band D Charge	Band D Equivalent	Adjusted for Estimated Collectable Band D Equivalent (95%)
A-	179	5/9	99.20	94.240
A	44,326	6/9	29,550.70	28,073.165
B	15,497	7/9	12,052.90	11,450.255
C	12,165	8/9	10,813.10	10,272.445
D	8,440	9/9	8,439.70	8,017.715
E	3,643	11/9	4,452.40	4,229.780
F	1,455	13/9	2,101.70	1,996.615
G	653	15/9	1,088.50	1,034.075
H	31	18/9	61.00	57.950
	86,389		68,659.20	65,226.240

STATEMENT OF ACCOUNTS 2021/22

* Total number of chargeable dwellings (adjusted for discounts), rounded to nearest whole property.

Note C – Precepts and Demands on the Collection Fund

Description:	This note shows the demands on the collection fund from the respective organisations
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2020/21 £000s	Demand per Collection Fund	2021/22 £000s
98,848	BMBC	101,763
414	Parish Precepts	437
12,953	Police Authority	13,896
4,879	Fire & Civil Defence Authority	4,962
117,094	Total Precepts	121,058

STATEMENT OF ACCOUNTS 2021/22

SECTION 7 - GROUP ACCOUNTS

THE GROUP MOVEMENT IN RESERVES STATEMENT

<u>Movement in Reserves During 2021/22</u>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable BMBC Reserves	Unusable BMBC Reserves	Total BMBC Reserves	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2021	195,302	30,952	17,086	19,014	11,062	273,416	(144,898)	128,518	8,452	136,970
Total Comprehensive Expenditure & Income	(42,132)	(21,231)	-	-	-	(63,363)	247,956	184,593	(28,450)	156,143
Adjustments Between Council and Group Reserves	(38,473)	-	-	-	-	(38,473)	-	(38,473)	38,473	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations	102,435	19,122	8,007	(895)	8,511	137,180	(137,180)	-	-	-
Net Increase / (Decrease) in 2021/22	21,830	(2,109)	8,007	(895)	8,511	35,344	110,776	146,120	10,023	156,143
Balance of Reserves at 31st March 2022	217,132	28,843	25,093	18,119	19,573	308,760	(34,122)	274,638	18,475	293,113

STATEMENT OF ACCOUNTS 2021/22

THE GROUP MOVEMENT IN RESERVES STATEMENT (CONTINUED)

<u>Movement in Reserves During 2020/21</u> <u>(Restated)</u>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable BMBC Reserves	Unusable BMBC Reserves	Total BMBC Reserves	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2020	133,875	31,817	16,810	14,821	8,854	206,177	(157,264)	48,913	15,458	64,371
Reporting of Schools Budget Deficit to New Adjustment Account at 1st April 2020	5,224	-	-	-	-	5,224	(5,224)	-	-	-
Restated Balance of Reserves at 1st April 2020	139,099	31,817	16,810	14,821	8,854	211,401	(162,488)	48,913	15,458	64,371
Total Comprehensive Expenditure & Income	45,049	(9,845)	-	-	-	35,204	75,840	111,044	(38,445)	72,599
Adjustments Between Council and Group Reserves	(31,439)	-	-	-	-	(31,439)	-	(31,439)	31,439	-
Adjustments Between Accounting Basis & Funding Basis Under Regulations	42,593	8,980	276	4,193	2,208	58,250	(58,250)	-	-	-
Net Increase / (Decrease) in 2020/21	56,203	(865)	276	4,193	2,208	62,015	17,590	79,605	(7,006)	72,599
Balance of Reserves at 31st March 2021	195,302	30,952	17,086	19,014	11,062	273,416	(144,898)	128,518	8,452	136,970

STATEMENT OF ACCOUNTS 2021/22

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020/21 (Restated)				2021/22		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Net Cost of Services:			
143,626	(96,228)	47,398	Children's Services	159,912	(98,318)	61,594
103,503	(27,454)	76,049	Place	211,160	(35,962)	175,198
40,344	(72,493)	(32,149)	Housing Revenue Account	41,825	(73,471)	(31,646)
92,144	(42,716)	49,428	Adults & Communities	104,859	(51,123)	53,736
10,323	(8,366)	1,957	Public Health	11,414	(8,944)	2,470
113,222	(100,993)	12,229	Core Services	99,749	(98,346)	1,403
12,867	(29,718)	(16,851)	Corporate Services	20,348	(30,877)	(10,529)
32,937	(22,542)	10,395	Exceptional Item – COVID 19	24,066	(23,217)	849
37,397	(830)	36,567	Berneslai Homes	42,806	218	43,024
646	(62)	584	Penistone Grammar Trust	585	(65)	520
587,009	(401,402)	185,607	Net Cost of Services	716,724	(420,105)	296,619
			Other Operating Income & Expenditure:			
414	-	414	Parish Council Precepts	468	-	468
1,666	-	1,666	Payments to Central Government Housing Capital Receipts Pool	1,666	-	1,666
4,396	(5,962)	(1,566)	(Gains) / Losses on The Disposal of Non-Current Assets	12,921	(13,208)	(287)
6,769	-	6,769	Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers	2,920	-	2,920
13,245	(5,962)	7,283	Total Other Operating Expenditure	17,975	(13,208)	4,767
			Financing & Investment Income & Expenditure:			
23,747	-	23,747	Interest Payable on Debt	23,475	-	23,475
76	-	76	Interest Element of Finance Leases	57	-	57
19,395	-	19,395	Interest Payable on PFI Unitary Payments	19,621	-	19,621
10,289	-	10,289	Net Interest on The Defined Benefit Liability / Asset	10,374	-	10,374
-	-	-	Movement in Fair Value of Financial Assets	-	-	-
396	-	396	Expected Credit Loss Model	50	-	50
-	-	-	Premium Incurred on Early Redemption of Debt	-	-	-
-	(819)	(819)	Investment Interest Income	-	(639)	(639)
-	(113)	(113)	Dividends Receivable	-	(446)	(446)
-	(10)	(10)	Interest Received on Finance Leases	-	(10)	(10)
4,803	(4,455)	348	(Surplus) / Deficit of Trading Undertakings or Other Operations	5,188	(5,985)	(797)
-	-	-	Subsidiary Taxation	-	-	-
58,706	(5,397)	53,309	Total Financing & Investment Income & Expenditure	58,765	(7,080)	51,685

Continued overleaf.

STATEMENT OF ACCOUNTS 2021/22

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

2020/21 (Restated)				2021/22		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Taxation & Non Specific Grant Income:			
-	(35,966)	(35,966)	Recognised Capital Grants & Contributions	-	(46,170)	(46,170)
-	(24,924)	(24,924)	Exceptional Item – COVID 19 Related General Grants	-	(15,555)	(15,555)
-	(19,459)	(19,459)	Section 31 Grant	-	(8,215)	(8,215)
-	(12,954)	(12,954)	Revenue Support Grant (RSG)	-	(13,026)	(13,026)
-	(102,437)	(102,437)	Council Tax	-	(107,693)	(107,693)
-	(15,034)	(15,034)	Business Rates Retention Scheme – Locally Retained	-	(21,906)	(21,906)
-	(32,735)	(32,735)	Business Rates Retention Scheme – Top Up Grant	-	(32,735)	(32,735)
-	(243,509)	(243,509)	Total Taxation & Non Specific Grant Income	-	(245,300)	(245,300)
658,960	(656,270)	2,690	(Surplus) / Deficit on Provision of Services	793,464	(685,693)	107,771
			Other Comprehensive Income & Expenditure:			
3,023	(98,979)	(95,956)	(Gains) / Losses on Revaluation of Property, Plant & Equipment Assets	5,649	(106,018)	(100,369)
21	-	21	(Gains) / Losses on Revaluation of Financial Instruments	-	(20)	(20)
16,724	3,922	20,646	Actuarial (Gains) / Losses on Pension Assets / Liabilities	(163,527)	-	(163,527)
19,768	(95,057)	(75,289)	Other Comprehensive Income & Expenditure	(157,878)	(106,038)	(263,916)
678,728	(751,327)	(72,599)	Total Comprehensive Income & Expenditure	635,586	(791,731)	(156,145)

STATEMENT OF ACCOUNTS 2021/22

GROUP BALANCE SHEET AS AT 31st MARCH 2021

2020/21 (Restated) £000s		2021/22 £000s	2021/22 £000s
	NON-CURRENT ASSETS		
	Property Plant and Equipment:		
647,463	- Council Dwellings	715,990	
317,948	- Other Land & Buildings	335,255	
8,863	- Vehicles, Plant, Furniture & Equipment	8,308	
283,291	- Infrastructure Assets	299,733	
-	- Community Assets	-	
107,118	- Assets Under Construction	8,592	
1,769	- Surplus Assets	2,228	
1,366,452			1,370,106
11,215	Heritage Assets	11,659	
768	Investment Properties	759	
815	Intangible Assets	548	
4,494	Long Term Investments	4,487	
1,948	Long Term Debtors	3,140	
19,240			20,593
1,385,692	Total Non-Current Assets		1,390,699
	CURRENT ASSETS		
8,413	Assets 'Held for Sale'	4,664	
60,164	Short Term Investments	134,711	
1,751	Inventories	2,127	
10,290	Local Taxation Debtors	10,341	
(10,243)	Impairment of Local Taxation Debtors	(10,424)	
49,003	Other Short Term Debtors	55,860	
(6,494)	Impairment of Short Term Debtors	(6,348)	
-	Corporation Tax Asset	-	
61,473	Cash & Cash Equivalents	67,521	
174,357	Total Current Assets		258,452
1,560,049	TOTAL GROUP ASSETS		1,649,151
	CURRENT LIABILITIES		
(21,788)	Short Term Borrowing	(37,307)	
(8,797)	Other Short Term Liabilities	(8,428)	
(46,392)	Short Term Creditors	(71,651)	
-	Corporation Tax Liability	-	
(6,368)	Provisions	(4,754)	
(23,602)	Capital Grants Receipts in Advance	(34,528)	
(6,295)	Revenue Grants Receipts in Advance	(3,335)	
-	Bank Overdraft	-	
(113,242)	Total Current Liabilities		(160,003)
	LONG TERM LIABILITIES		
(628,230)	Long Term Borrowing	(653,158)	
(194,062)	Other Long Term Liabilities	(185,633)	
(4,521)	Long Term Provisions	(4,060)	
(483,024)	Retirement Benefit Obligations	(353,182)	
(1,309,837)	Total Long Term Liabilities		(1,196,033)
(1,423,079)	TOTAL GROUP LIABILITIES		(1,356,036)
136,970	GROUP NET ASSETS		293,115

Continued overleaf

STATEMENT OF ACCOUNTS 2021/22

GROUP BALANCE SHEET AS AT 31st MARCH 2021 (CONTINUED)

2020/21 (Restated) £000s		2021/22 £000s	2021/22 £000s
195,302	BMBC USEABLE RESERVES:	217,132	
30,952	- General Fund	28,843	
17,086	- Housing Revenue Account	25,093	
19,014	- Useable Capital Receipts Reserve	18,119	
11,062	- Major Repairs Reserve	19,573	
	- Capital Grant Unapplied Reserve		
273,416	TOTAL BMBC USEABLE RESERVES		308,760
(35,182)	BMBC UNUSABLE RESERVES:	(133,502)	
497	- Capital Adjustment Account	496	
(11,473)	- Deferred Capital Receipts Reserve	(10,889)	
(444,961)	- Financial Instruments Adjustment Account	(328,247)	
(431)	- Pensions Reserve	(431)	
352,241	- Financial Instrument Revaluation Reserve	442,894	
(2,482)	- Revaluation Reserve	(2,548)	
8,650	- Accumulated Absences Account	16,051	
(11,757)	- Collection Fund Adjustment Account	(17,946)	
	- DSG Deficit Adjustment Account		
(144,898)	TOTAL BMBC UNUSABLE RESERVES		(34,122)
128,518	TOTAL BMBC RESERVES		274,638
11,819	OTHER GROUP ENTITY USEABLE RESERVES:	11,413	
508	- Berneslai Homes Retained Surplus	588	
	- Penistone Grammar Trust – Unrestricted Funds		
12,327	TOTAL OTHER GROUP ENTITY USEABLE RESERVES		12,001
(39,626)	OTHER GROUP ENTITY UNUSABLE RESERVES:	(25,716)	
35,751	- Berneslai Homes Pensions Reserve	32,192	
	- Penistone Grammar Trust – Restricted Funds		
(3,875)	TOTAL OTHER GROUP ENTITY UNUSABLE RESERVES		6,476
8,452	TOTAL OTHER GROUP ENTITY RESERVES		18,477
136,970	TOTAL GROUP RESERVES		293,115

STATEMENT OF ACCOUNTS 2021/22

GROUP CASH FLOW STATEMENT

2020/21 (Restated) £000s		2021/22 £000s	2021/22 £000s
2,690	Net (Surplus) / Deficit on Provision of Services		107,771
	<u>Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:</u>		
(80,212)	- Depreciation & Impairment	(167,952)	
(23,512)	- Pension Fund Adjustments	(32,810)	
(11,166)	- Carrying Amount of Non-Current Assets Sold	(15,842)	
(1,147)	- (Increase) / Decrease in Provisions	2,025	
176	- Increase / (Decrease) in Inventories	376	
(15,898)	- Increase / (Decrease) in Debtors	(4,365)	
(2,736)	- (Increase) / Decrease in Creditors	(9,003)	
(136)	- Other Non-Cash Adjustments	(323)	
(134,631)			(227,894)
-	- Taxation Paid		-
	<u>Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:</u>		
35,967	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	46,170	
-	- Premiums Paid on Early Settlement of Debt	-	
6,088	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	13,444	
42,055			59,614
(89,886)	Net Cash (Inflow) / Outflow From Operating Activities		(60,509)
64,494	Net Cash (Inflow) / Outflow From Investing Activities		90,724
46,222	Net Cash (Inflow) / Outflow From Financing Activities		(36,263)
20,830	Net (Increase) / Decrease in Cash & Cash Equivalents		(6,048)

Reconciliation and Analysis of Group Cash & Cash Equivalent Balances

2020/21 £000s (Restated)		2021/22 £000s
82,303	Group Cash & Cash Equivalents as at 1st April	61,473
(20,830)	Net Increase / (Decrease) in Cash & Cash Equivalents	6,048
61,473	Group Cash & Cash Equivalents as at 31st March	67,521
	Made Up Of The Following Elements:	
	<u>BMBC Cash & Cash Equivalents:</u>	
2	Cash Held By The Council	7
(12,314)	Cash in Transit	(3,542)
10,310	Bank Current Accounts	5,720
55,012	Short Term Deposits With Financial Institutions	54,510
53,010	Total BMBC Cash & Cash Equivalents	56,695
	<u>Other Group Entity Cash & Cash Equivalents:</u>	
321	Bank Current Accounts	1,526
8,142	Short Term Deposits With Financial Institutions	9,300
8,463	Total Other Group Entity Cash & Cash Equivalents	10,826
61,473	Group Cash & Cash Equivalents as at 1st April	67,521

STATEMENT OF ACCOUNTS 2021/22

NOTES TO THE GROUP ACCOUNTS

Note A – Critical Judgements

Description:	This note sets out the Council's approach to consideration of the group accounts.
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The Council has reviewed its relationship and interest with external organisations and concludes that it does have an interest in subsidiaries, associated companies and joint ventures that are material both individually and in aggregate and therefore a set of Group Accounts has been prepared. This consideration has been made under the provisions of IFRS 10 ('Consolidated Financial Statements') and IFRS 11 ('Joint Arrangements') as required by The Code.

Note B – Group Boundary

Description:	This note explains the rationale of the related organisations that have been consolidated into the group accounts and on the basis of consolidation.
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A review has been undertaken by the Council considering all companies in which it has an interest. The interests in these bodies have been analysed to consider whether the Council has the potential to control or influence the bodies' operating and financial policies.

Entities identified to be included within the group's boundary are detailed below:

Berneslai Homes Ltd

Berneslai Homes Ltd is a 100% wholly owned company of the Council and is an Arm's Length Management Organisation responsible for managing homes on behalf of the Council. Specifically, it is responsible for managing all the landlord services for the Council's 18,095 homes including rent collection, arrears recovery, repairs and maintenance, dealing with empty properties and all tenancy matters.

Financial Year End - Berneslai Homes Ltd shares the same financial year as the Council (1st April – 31st March).

Consolidation Method - The accounts of Berneslai Homes Ltd have been consolidated on a line by line basis with intra-group balances and transactions being eliminated in full on consolidation as per The Code. There is no statutory provision for Berneslai Homes' pension liability included with these Group Accounts.

Penistone Grammar Trust

Penistone Grammar Trust is a charity trust that is responsible for the running of Penistone Grammar Advanced Learning Centre (ALC) and associated buildings. The Council is sole trustee in Penistone Grammar Trust.

Financial Year End – Penistone Grammar Trust shares the same financial year as the Council (1st April – 31st March).

Consolidation Method - The accounts of Penistone Grammar Trust have been consolidated on a line by line basis with intra-group balances and transactions being eliminated in full on consolidation as per The Code.

Joint Ventures

The Council also holds shareholdings in a number of other companies that is deemed non-material for group accounts purposes. For information on these entities, [Note 17](#) refers.

Note C – Prior Year Restatement

Description:	This note outlines the restatement of the prior year comparators.
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The 2020/21 comparative figures have been amended by £2.058M ~~restated~~ in the group accounts only, where appropriate, to reflect the revised/final 2020/21 pension liability position for Berneslai Homes. This information was not available for the 2020/21 draft accounts and subsequently identified during the 2020/21 audit process. The Council considered this as not material in 2020/21, to amend the group accounts. ~~change not material to change at the time but to main the~~

However, to maintain the integrity of Berneslai Homes' 2021/22 accounts and reflect the correct opening balances for the group, the comparators have been amended. Additionally, this is not material to the group and the Council and it does not give rise to a Prior Period Adjustment under the relevant accounting principles for 2021/22.

STATEMENT OF ACCOUNTS 2021/22

Note D - Expenditure & Income Analysed By Nature

Description:	This note shows the Surplus or Deficit on the Provision of Services within the Group CIES on a subjective basis.
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The Group's expenditure and income is analysed as follows:

Expenditure / Income	2020/21 (Restated) £000s	2021/22 £000s
Expenditure:		
Employee Benefits Expenses	195,575	212,489
Other Services Expenses	310,946	330,170
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	85,687	179,303
Interest Payments	53,507	53,527
Precepts & Levies	414	468
Payments to Housing Capital Receipts Pool	1,666	1,666
Write Out NBV Relating to the Disposal of Assets	11,165	15,841
Total Expenditure	658,960	793,464
Income:		
Fees, Charges & Other Service Income	(133,085)	(140,916)
Interest & Investment Income	(950)	(1,103)
Income From Council Tax & Non-Domestic Rates	(117,470)	(129,599)
Government Grants & Contributions	(398,803)	(400,867)
Sale Proceeds Relating to the Disposal of Assets	(5,962)	(13,208)
Total Income	(656,270)	(685,693)
Surplus or Deficit on the Provision of Services	2,690	107,771

Note E - Financial Instruments

Description:	Financial Instruments are any contract that gives rise to a financial asset of one entity and a financial liability of another entity. This note explains the Group's financial instruments and the impact on the accounts.
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The following categories of financial instrument are carried in the Group Balance Sheet:

31 st March 2021			31 st March 2022	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Investments:		
2,281	60,048	Loans & Receivables at Amortised Cost	2,254	134,593
2,324	116	Unquoted Equity Investment at Fair Value through Other Comprehensive Income	2,233	117
4,605	60,164	Total Investments	4,487	134,710
		Debtors:		
1,300	-	Amortised Cost	2,527	-
1,300	-	Total Debtors **	2,527	-
		Cash Equivalents:		
-	63,154	Amortised Cost	-	63,810
-	63,154	Total Cash Equivalents *	-	63,810
5,905	123,318	Total Financial Assets	7,014	198,520
		Borrowings:		
(628,230)	(21,788)	Financial Liabilities at Amortised Cost	(653,157)	(37,307)
(628,230)	(21,788)	Total Borrowings	(653,157)	(37,307)

STATEMENT OF ACCOUNTS 2021/22

		Other Liabilities:		
(194,062)	(8,797)	Amortised Cost	(185,633)	(8,428)
(194,062)	(8,797)	Total Other Liabilities	(185,633)	(8,428)
(822,292)	(30,585)	Total Financial Liabilities	(838,790)	(45,735)

* The total Cash Equivalents figure in the table above is included within the 'Cash & Cash Equivalents' figure in the Balance Sheet, rather than within 'Short Term Investments'.

** The Total Debtors figures in the table above is included within the 'Short Term Debtors' figure in the Balance Sheet.

Note F - Debtors

Description:	Other Short Term Debtors are assets representing the amounts owed to the Group in respect of other debts.
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31 st March 2021				31 st March 2022		
Total Debtors	Impairment For Bad Debts	Total		Total Debtors	Impairment For Bad Debts	Total
£000s	£000s	£000s		£000s	£000s	£000s
12,578	(6,494)	6,084	Trade Receivables	11,536	(6,348)	5,188
13,750	-	13,750	Prepayments & Accrued Grant Income	16,394	-	16,394
22,675	-	22,675	Other Receivable Amounts	27,930	-	27,930
49,003	(6,494)	42,509	Total	55,860	(6,348)	49,512

Note G - Creditors

Description:	Short Term Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.
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31 st March 2021 £000s		31 st March 2022 £000s
(8,099)	Trade Creditors	(10,154)
(15,444)	Other Creditors	(28,202)
(3,722)	Capital Creditors	(6,312)
(6,066)	Receipts in Advance	(4,777)
(4,104)	Payroll Creditors	(6,230)
(1,120)	NNDR	(7,432)
(4,929)	Council Tax	(4,581)
(2,908)	Other Tax & Social Security	(3,963)
(46,392)	Total	(71,651)

STATEMENT OF ACCOUNTS 2021/22

Note H - Defined Benefit Pension Schemes

Description:

A Defined Benefit Pension Scheme is one that is not classed as a defined contribution scheme. This note explains such schemes that the Group is party to.

2020/21 (Restated)				2021/22		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
			<u>Comprehensive Income & Expenditure Statement:</u>			
			<i>Cost of Services:</i>			
28,677	4,228	32,905	- Current Service Cost	38,448	5,837	44,285
-	-	-	- Past Service Costs	292	-	292
565	108	673	- Settlements & Curtailments	(626)	-	(626)
459	68	527	- Administration Expenses	-	-	-
			<i>Financing & Investment Income & Expenditure:</i>			
9,537	752	10,289	- Net Interest Cost	9,499	875	10,374
39,238	5,156	44,394	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	47,613	6,712	54,325
			<i>Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement:</i>			
			<i>Re-measurement of The Net Benefit Liability Comprising:</i>			
(178,676)	(21,583)	(200,259)	- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense)	(86,081)	(10,478)	(96,559)
(29,669)	(2,514)	(32,183)	- Experience (Gains) / Losses	3,739	335	4,074
-	-	-	- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	-	-	-
225,069	28,019	253,088	- Actuarial (Gains) and Losses On Changes in Financial Assumptions	(62,264)	(8,778)	(71,042)
-	-	-	- Business Combinations	-	-	-
16,724	3,922	20,646	Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	(144,606)	(18,921)	(163,527)
55,962	9,078	65,040	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(96,993)	(12,209)	(109,202)

2020/21 (Restated)				2021/22		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
			<u>Movement in Reserves Statement:</u>			
(39,238)	-	(39,238)	- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with The Code	(47,613)	-	(47,613)
			<u>Actual Amount Charged Against the General Fund Balance for Pensions for the Year:</u>			
19,357	-	19,357	Employers' Contributions Payable to Scheme	19,720	-	19,720
-	-	-	Retirement Benefits Payable to Pensioners	-	-	-
(19,881)	-	(19,881)	Net Adjustment to Surplus or Deficit for the Provision of Services	(27,893)	-	(27,893)

STATEMENT OF ACCOUNTS 2021/22

Pension Assets and Liabilities Recognised in the Balance Sheet

2020/21 (Restated)				2021/22		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
(1,592,047)	(178,562)	(1,770,609)	Present Value of The Defined Benefit Obligation	(1,569,445)	(177,810)	(1,747,255)
1,148,649	138,936	1,287,585	Fair Value of Plan Assets	1,241,979	152,094	1,394,073
(443,398)	(39,626)	(483,024)	Net Liability Arising From Defined Benefit Obligation	(327,466)	(25,716)	(353,182)

Reconciliation of Fair Value of the Scheme (Plan) Assets

2020/21 (Restated)				2021/22		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
963,028	116,188	1,079,216	Opening Balance at 1st April	1,148,649	138,936	1,287,585
22,933	2,770	25,703	Interest Income	23,924	2,913	26,837
		-	<i>Re-measurement Gains and (Losses):</i>			-
178,676	21,583	200,259	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	86,081	10,478	96,559
(461)	(68)	(529)	Administration Expenses	-	-	-
-	-	-	Business Combinations	-	-	-
(1,714)	-	(1,714)	Settlements	(639)	-	(639)
20,920	1,553	22,473	Employer Contributions	18,939	1,701	20,640
6,079	898	6,977	Contributions by Scheme Participants	6,436	992	7,428
(40,812)	(3,988)	(44,800)	Benefits Paid	(41,411)	(2,926)	(44,337)
1,148,649	138,936	1,287,585	Closing Balance at 31st March	1,241,979	152,094	1,394,073

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

2020/21 (Restated)				2021/22		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
(1,371,380)	(148,289)	(1,519,669)	Opening Balance at 1st April	(1,592,047)	(178,562)	(1,770,609)
(28,678)	(4,228)	(32,906)	Current Service Cost	(38,448)	(5,837)	(44,285)
(32,470)	-	(32,470)	Past Service Costs	(33,423)	-	(33,423)
-	(3,522)	(3,522)	Interest Cost	(292)	(3,788)	(4,080)
(6,079)	(898)	(6,977)	Contributions by Scheme Participants	(6,436)	(992)	(7,428)
			<i>Re-measurement Gains and (Losses):</i>			
29,669	2,514	32,183	- Experience Gains / (Losses)	(3,739)	(335)	(4,074)
-	-	-	- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	-	-	-
(225,069)	(28,019)	(253,088)	- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	62,264	8,778	71,042
(2,035)	(108)	(2,143)	Gains / (Losses) Curtailments	-	-	-
40,812	3,988	44,800	Benefits Paid	41,411	2,926	44,337
3,183	-	3,183	Liabilities Extinguished on Settlements	1,265	-	1,265
-	-	-	Business Combinations	-	-	-
(1,592,047)	(178,562)	(1,770,609)	Closing Balance at 31st March	(1,569,445)	(177,810)	(1,747,255)

STATEMENT OF ACCOUNTS 2021/22

TECHNICAL ANNEX A

THE COUNCIL'S ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2021/22 financial year and its position at the year-end of 31st March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which those regulations require to be prepared in accordance with proper accounting practice. For local authorities, this proper accounting practice is predominantly contained in the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (The Code), supported by International Financial Reporting Standards and statutory guidance where applicable.

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

2. Accruals of Income and Expenditure – General

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

- Income 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 of supply and 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; and
- Where income and expenditure has 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income & Expenditure Statement for the income which might not be collected.

3. Accruals of Income and Expenditure – Accounting for Local Taxation

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR). The localisation of Business Rates from 1st April 2013 changed the way in which the Council accounts for NNDR. The key features of the fund relevant to accounting for Council Tax and National Non Domestic Rates in the core financial statements are:

- In its capacity as a billing authority, the Council acts as agent; it collects and distributes Council Tax / NNDR income on behalf of the major preceptors and itself;
- Whilst the income from Council Tax and NNDR for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors;
- The Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NNDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income & Expenditure Statement 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 Council's share of the end of year balances in respect of Council Tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals; and

STATEMENT OF ACCOUNTS 2021/22

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

4. Acquired and Discontinued Operations

There was no material acquired or discontinued operations during 2021/22.

5. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable to the Council without notice or penalty (sometimes referred to as 'on call').

6. Material Items of Income and Expense / Exceptional Items

Where items of income or expense are material, their nature and amount are disclosed separately in [Note 8](#). The Council has identified separately, any material transactions to or from a single supplier or customer.

Any exceptional items that are material in net terms are identified on the face of the Comprehensive Income and Expenditure Statement and analysed further in [Note 8](#) to the accounts. The Council has identified separately, items of expense or income which are material in terms of the Council's overall expenditure and are not expected to recur frequently or regularly.

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

Prior period adjustments may arise as a result of a change in accounting policy or to correct material errors. 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.

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

Any new accounting policies which have been adopted by the Council have been reflected within these accounting policies, together with a quantification of the impact of each accounting policy change on the prior period closing balances and comparative figures shown within this Statement of Accounts.

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

8. 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; and
- Amortisation of intangible fixed assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue (Minimum Revenue Provision – MRP) to contribute towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the 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.

STATEMENT OF ACCOUNTS 2021/22

9. Employee Benefits

Benefits Payable During Employment

Short term employee benefits are those due to be settled within 12 months of the year end. For the Council, they typically include such benefits as wages and salaries and paid annual, flexi and sick leave. These are recognised in the accounts in the year in which the employee rendered service for the Council. An accrual has been made for the cost of holiday entitlement (including flexi-leave entitlement) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual has been based on wage and salary rates for the 2021/22 financial year, being the period in which the employee earns the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement, 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. They are charged on an accruals basis to the Surplus or Deficit on the Provision of Services within 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. It is the Council's policy not to offer enhanced termination benefits.

Post-Employment Benefits

Employees of the Council are members of three separate pension schemes:

1. The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE);
2. The NHS Pensions Scheme, administered by the NHS Business Services Authority; and
3. The Local Government Pension Scheme administered by the South Yorkshire Pensions Authority.

These respective schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

However, the arrangements for the Teachers' Scheme and the NHS Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The People service line in the Comprehensive Income and Expenditure Statement is charged with contributions payable to Teachers' Pensions Scheme in the year and the Public Health line in the Comprehensive Income and Expenditure Statement is charged with contributions payable to the NHS Pensions Scheme.

The Local Government Pension Scheme

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

1. The liabilities of the South Yorkshire 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 and projections of future earnings for current employees;
2. Liabilities are discounted to their value at current prices, using a discount rate of 2.6%, based on the weighted average of spot yields on AA rated corporate bonds;
3. The assets of the South Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unitised securities – current bid price; and
 - Property – market value.
4. The change in the net pensions liability is analysed into the following components:

STATEMENT OF ACCOUNTS 2021/22

- Current Service Cost – the increase in liabilities as a result of a year’s service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years, charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Net Interest on the Net Defined Benefit Liability / Asset, i.e. Net Interest Expense for the Council – the change during the period in the net defined benefit liability / asset that arises from the passage of time, charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability / asset at the beginning of the period, taking into account any changes in the net defined benefit liability / asset during the period as a result of contribution and benefit payments;
- Re-measurements comprising:
 - a. The Return on Plan Assets – excluding amounts included in net interest on the net defined benefit liability / asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - b. Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the South Yorkshire Pensions Authority – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for 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 such cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. The Council’s current policy is not to award enhancements for non-school Council employees i.e. those who are members of the Local Government Pension Scheme. However, awards are not prohibited and can be made in exceptional circumstances. Where they are made, any liabilities estimated to arise as a result are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

10. Events After the Balance Sheet Date

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 Statement of Accounts is authorised for issue. Two types of event can be identified:

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

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

STATEMENT OF ACCOUNTS 2021/22

11. Financial Instruments

Financial Liabilities

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively added to or deducted from the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of either spreading the gain / loss over the remaining term of the loan against which the premium was payable or discount receivable when it was repaid or a shorter period where it is deemed to be more prudent to do so. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account (FIAA) in the Movement in Reserves Statement.

Financial Assets

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

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

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

The Council recognises expected credit losses on all 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 Council.

The Council's trade debtors are not subject to internal credit rating and have been collectively assessed using provision matrices - based on historical data for defaults adjusted for current and forecast economic conditions. Debt write-off is

STATEMENT OF ACCOUNTS 2021/22

considered when normal recovery procedures have been unable to secure payment. Prior to write-off, all possible action will have been taken to secure the debt, however the extent to which it is pursued is dependent on the amount of the debt and the financial circumstances of the debtor.

With the exception of trade debtors where the simplified approach has been adopted, 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.

The Council has a portfolio of loans to local businesses which are assessed on an individual instrument basis. Loss allowances have been assessed using a range of factors such as the purpose of the loan, any amounts past due, any rescheduling that has taken place and whether or not the loan is secured. Where the risk of loss has increased since the loan was made, expected credit losses have been assessed on a lifetime basis. All other loans have been assessed on a 12-month basis. Further details are disclosed in [Note 27](#).

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 Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The Council has a limited number of shareholdings which would typically be measured at FVPL; however, the Council has designated these equity investments as fair value through other comprehensive income on the basis that:

- They are not quoted in an active market; and
- They are not held for trading.

12. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants, third party contributions and donations are recognised as due to the Council when there is a 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 Receipts in Advance under liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Net Cost of Services within the Comprehensive Income and Expenditure Statement (for service specific revenue grants) or to the Taxation and Non-Specific Grant Income line (for all capital grants, non-ring-fenced and general revenue grants).

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.

13. Heritage Assets (Tangible and Intangible)

The Council's Heritage Assets are held in various locations across the Borough. These assets are held to increase people's knowledge, understanding and appreciation of the Borough's history and local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policy on Property, Plant and Equipment (see Accounting Policy 21 below). However, some of the rules are relaxed in relation to Heritage Assets as detailed below:

- All of the Heritage Assets are deemed to have an indeterminable life with a high residual value and therefore the Council does not consider it appropriate to charge depreciation on these assets;

STATEMENT OF ACCOUNTS 2021/22

- Each category of Heritage Assets is revalued periodically by external valuers for insurance purposes and is carried on the Council's Balance Sheet at this valuation, as a proxy for open market valuations. There is no prescribed minimum period in which these valuations should occur within The Code of Practice;
- The collection of Heritage Assets held by the Council is relatively static with acquisitions and donations being rare. Where acquisitions have been made, these are initially valued at cost and subsequently revalued in accordance with the rest of the collection. Donations are recognised at valuation undertaken by an external valuer as appropriate;
- The carrying value of Heritage Assets is reviewed where there is evidence of impairment (e.g. where there is evidence of physical deterioration or breakage etc.). Any impairment identified is recognised and measured in accordance with the Council's policy on impairment of Property, Plant and Equipment (see Accounting Policy 21 below); and
- Where Heritage Assets have been disposed of, the proceeds are accounted for in accordance with the Council's policy on disposal of Property, Plant and Equipment. Disposal proceeds are accounted for in accordance with the statutory requirements relating to capital expenditure and capital receipts and are disclosed separately in the notes to the accounts.

14. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised at cost, when it is expected that future economic benefits or service potential will flow to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and the Council will be able to generate future economic benefits or service potential from 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.

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. No intangible asset held by the Council meets these conditions and therefore all such assets are carried at amortised cost.

The depreciable amounts for intangible assets are amortised over their useful lives and debited to the relevant services line in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation and impairment losses are not permitted to have an impact on the General Fund balance. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

15. Interest in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures which may require it to prepare Group Accounts, where material. Included within these entities are three Trading Companies recently set up to allow the Council to trade more flexibly, in a commercial environment. Details of these companies are shown within [Note 17](#). Within 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.

16. Inventories and Long Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

STATEMENT OF ACCOUNTS 2021/22

17. Investment Properties

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

Investment Properties are initially measured 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.

The inputs to the measurement techniques are categorised in accordance with Accounting Policy 30 below.

Investment Properties are not depreciated but are revalued annually according to market conditions during the year. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement and result in a gain in 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 on Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Revaluation / Impairment losses on HRA non-dwelling assets are not permitted to be reversed out of the HRA balance following the change to the HRA Self Financing arrangements.

18. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Council in conjunction with other parties that involve the use of assets and resources of the other parties rather than the establishment of a separate entity. The Council recognises on its Balance Sheet, the assets that it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of Property, Plant and Equipment that are jointly controlled by the Council and other parties. The joint venture does not involve the establishment of a separate entity. The Council accounts only for its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of interests in the joint venture and income that it earns from the venture.

19. 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

Items of Property, Plant and Equipment held under finance leases are 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. 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 section of the Comprehensive Income and Expenditure Statement).

STATEMENT OF ACCOUNTS 2021/22

Items of Property, Plant and Equipment recognised under finance leases are 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.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. 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 service benefiting from the 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 cash 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. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure section of 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 within the Comprehensive Income and Expenditure Statement as part of the profit or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal, matched by a long term lease debtor in the Balance Sheet for the capital value outstanding).

Subsequent lease rentals are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the long term debtor; and
- Finance income – credited to the Financing and Investment Income and Expenditure section of 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 is 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 of 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.

Operating Leases

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 relevant line in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

20. Overheads and Support Services

The costs of overheads and support services are charged to the service segments in accordance with the Council's arrangement for accountability and its financial performance arrangements.

STATEMENT OF ACCOUNTS 2021/22

21. **Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production 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 is probable that the future economic benefits or service potential associated with the item will flow to the Council and that the costs of the item can be measured reliably. Expenditure that maintains but does not add value or increase an asset's potential to deliver future economic benefits or service potential is charged as an expense to the Comprehensive Income and Expenditure Statement.

Measurement

Assets are initially measured at cost, comprising:

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

Where an asset is not fully completed and is still under construction at the balance sheet date, the cumulative historic cost at that point will be treated as an Asset Under Construction. Once the asset becomes operational in a subsequent year, the total historic cost is transferred from the Asset Under Construction category to the relevant asset category that the asset falls under. Where material, the asset will be formally revalued in line with the methodology below, in the year it becomes operational. Otherwise, the asset will be formally revalued in the year following its operational status.

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

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

- Infrastructure Assets, Intangible Assets and Vehicles, Furniture, Plant and Equipment & Community Assets – depreciated historical cost;
- Assets Under Construction – historical cost;
- Council Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- School Buildings – current value, but due to their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

In respect of the Council's Group Accounts, capital expenditure between the respective organisations, where material, will be recognised on the balance sheet following completion of the project where the asset becomes operational.

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the Balance Sheet at fair value are revalued with sufficient regularity to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every 5 years. The Council's policy is to review all significant assets annually to ensure that the carrying values are materially accurate.

Where assets are revalued in year, the Council's policy is to use the standard effective date of measurement of 30th September [the midpoint of the financial year] which minimises the risk of any significant changes in the carrying values presenting themselves by the 31st March reporting date. Upon review at the reporting date, where material changes to the valuations have materialised since the 30th September effective date, the Council's policy is to use the more recent valuation and effective date.

STATEMENT OF ACCOUNTS 2021/22

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains are 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); and
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

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

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

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusting for the 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 useful life (e.g. freehold land and certain community assets) and assets that are not yet available for use i.e. Assets Under Construction.

Depreciation is calculated based on the average net book value using the following bases:

Category	Basis	No. Of Years
Council Dwellings	Straight Line	15 – 50
Other Buildings	Straight Line	15 – 60
Plant & Equipment (Contents)	Straight Line	3 – 24
Vehicles	Straight Line	5 – 8
Surplus Assets	Straight Line	5 – 40
Land & Community Assets	N/A	Infinite

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

In respect of the Council's dwellings, the level of depreciation is charged on a material component basis as outlined below:

Depreciation Component	Useful Economic Life
Land	Indefinite
Host / Building	50
Roof	40
Windows / Doors	35
Bathroom	30
Kitchen	20
Boiler / Heating System	15

STATEMENT OF ACCOUNTS 2021/22

Vehicles, Plant, Furniture & Equipment, Infrastructure Assets and Intangible Assets are fully depreciated down to nil based on their economic useful lives but remain on the Council's asset register until the following year. At this time, these assets are written out of the Council's books in terms of gross book value and the accumulated depreciation on the basis of prudence. Individual services may still hold the asset but due to the immaterial nature of the values involved, they are removed accordingly, based on the accounting policy for disposals as outlined below.

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and 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 Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

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, amortisations 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 classified as Assets Held for Sale.

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

A proportion of receipts relating to housing disposals are payable to Central Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and then can only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

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

22. Private Finance Initiative

PFI contracts are agreements to receive services, where the responsibility for making available the Property, Plant or Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the Property, Plant or Equipment assets will pass to the Council at the end of the contracts for no additional charge, the Council carries these assets used in delivering the services on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these fixed assets at fair value (based on the cost to purchase the Property, Plant or Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the Secondary School Building Schools for the Future contract, the liability was written down by an initial capital contribution of £6.866M in 2010/11, an additional capital contribution of £25.540M in 2011/12 and a final capital contribution of £36.671M in 2012/13.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance cost – a notional interest charge of 9.49% (BSF Phase 1), 9.28% (BSF Phase 2), 8.08% (BSF Phase 3), 9.01% (Primary Schools PFI), 7.11% (Cudworth LIFT), 3.33% (Darton LIFT) and 7.02% (Waste PFI) on the

STATEMENT OF ACCOUNTS 2021/22

outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement;

- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator; and
- Lifecycle replacement costs – expensed through the Comprehensive Income and Expenditure Statement as this expenditure has been deemed to be of a revenue nature within the contract.

23. Provisions

Provisions are made where an event has taken place which gives the Council an obligation that probably requires settlement by a transfer of economic benefits, which can be reliably estimated, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case which could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision (or part thereof) is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service line of the Comprehensive Income and Expenditure Statement if it is virtually certain that reimbursement will be received if the obligation is settled.

24. 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 accounts.

25. Contingent Assets

A contingent asset arises when 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 accounts, where it is probable that there will be an inflow of economic benefits or service potential.

26. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and therefore are not available for use by the Council – these reserves are explained in the notes to the accounts.

27. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year, which may be capitalised under statutory provisions but 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

STATEMENT OF ACCOUNTS 2021/22

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 there is no impact on the level of Council Tax.

28. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is non-recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

29. Accounting for Schools

Maintained Community Schools

A maintained community school in England and Wales is a type of state-funded school that is run wholly by the Local Council. The Council is responsible for the school's admissions, owns the school's estate and employs the school's staff.

The Council is the freeholder of community school premises and has a significant role in the running of the school (e.g. administration procedures, employment and payroll of staff / management).

Accordingly, the school premises that fall under this category are recognised as Property, Plant & Equipment in the Council's Balance Sheet.

The income and expenditure of such schools is also recognised within the Council's Comprehensive Income & Expenditure Statement.

Voluntary Aided Schools

A voluntary aided school is a state-funded school in England and Wales in which a foundation or trust (usually a religious organisation) owns the school buildings, contributes to building costs and has a substantial influence in the running of the school. Such schools have more autonomy than voluntary controlled schools, which are entirely funded by the state.

Voluntary aided schools are a type of "maintained school", meaning that they receive all their income from Central Government via the Council, and do not charge fees to students. In contrast to other types of maintained school, only up to 90% of the capital costs of a voluntary aided school are met by Central Government. The foundation contributes the rest of the capital costs, owns the school's land and buildings and appoints a majority of the school governors. The governing body runs the school, employs the staff and decides the school's admission arrangements, subject to rules imposed by Central Government. Pupils follow the National Curriculum, except that faith schools may teach Religious Education according to their own faith.

Accordingly, the school premises of such schools have been de-recognised from the Council's Balance Sheet as these are controlled by the charitable organisation / trust. However, the Council does hold the freehold of the land in certain arrangements which thus remain on the Council's Balance Sheet.

The income and expenditure of such schools is recognised within the Council's Comprehensive Income & Expenditure Statement.

Voluntary Controlled Schools

A voluntary controlled school is a state-funded school in England, Wales and Northern Ireland in which a foundation or trust (usually a Christian denomination) has some formal influence in the running of the school. Such schools have less autonomy than voluntary aided schools, in which the foundation pays part of any building costs.

Voluntary controlled schools are a type of "maintained school", meaning that they are funded by Central Government via the Council, and do not charge fees to students. However, the land and buildings are typically owned by a charitable foundation or Trust organisation, which also appoints about a quarter of the school governors. However, the Council employs the school's staff and has primary responsibility for the school's admission arrangements. Pupils follow the National Curriculum.

In a similar way to Voluntary Aided Schools, the school premises of such schools have been de-recognised from the Council's Balance Sheet as these are maintained by the charitable organisation / trust. However, the Council does hold the freehold of the land in certain arrangements which thus remain on the Council's Balance Sheet.

The income and expenditure of such schools is recognised within the Council's Comprehensive Income & Expenditure Statement.

STATEMENT OF ACCOUNTS 2021/22

Academy Schools

An academy school in the education system in England is a type of school which is independent of Council control but is publicly funded, with some private sponsorship. The transfer of schools from the Council to an Academy generally takes the form of a 125 year lease.

The accounting for such arrangements follows the accounting policy for leases (see accounting policy 19 above).

Ordinarily, the lease of school premises is accounted for as a finance lease. Therefore, the assets relating to these arrangements are accounted for as disposals and subsequently de-recognised from the Council's Balance Sheet.

The lease of school land is generally accounted for as an operating lease. Therefore, the assets relating to these arrangements are accounted for under IAS 16 and still remain on the Council's Balance Sheet at nil value.

The income and expenditure of such schools is not recognised within the Council's Comprehensive Income & Expenditure Statement.

30. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

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

STATEMENT OF ACCOUNTS 2021/22

TECHNICAL ANNEX B

CRITICAL JUDGEMENTS AND ASSUMPTIONS / ESTIMATIONS MADE WITHIN THE ACCOUNTS

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in [Annex A](#), 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:

No	Item	Judgements
1	Leases	<p>The Council is party to a significant number of lease arrangements, both as lessee and lessor. In accounting terms, the Council has to make judgements around the substance of those leases to identify whether it has effective control of the associated assets.</p> <p>The judgement uses a number of factors such as whether the lease is for a major part of the economic life of the asset, whether the lease payments represent a significant proportion of the asset value and whether there's any clauses around the Council gaining ownership at the end of the term.</p> <p>Where the balance of assumed control resides with the Council [as lessee], the assets are accounted for as Council controlled assets, i.e., recognised on the Council's balance sheet.</p>
2	Group Accounts	<p>The Council currently produces a set of Group Accounts alongside its single entity accounts. In order to establish the entities that are included in the Council's group, there are a number of judgements around whether the Council effectively controls a number of organisations. Where the Council is judged to hold effective control and are deemed material / significant, those entities are included in the Council's group boundary. For 2021/22, the Council consolidates two organisations, Penistone Grammar Trust and Berneslai Homes.</p>
3	Schools	<p>In formulating the accounts, the Council assesses each school based on its status as to determine the treatment of both the school assets, and the school's income and expenditure for the year. The Council makes judgement of each type of school based on the control etc, which is highlighted below:</p> <ul style="list-style-type: none"> • All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. • Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally by a religious body. Similarly, the services provided [education provision] from those assets are controlled by those religious bodies. Therefore, these assets are not included on the Council's Balance Sheet. • Academies are not considered to be maintained schools in the Council's control. The land and building assets are either, not owned by the Council, or let on a long-term lease (125 years) by the Council and therefore not included on the Council's Balance Sheet.

STATEMENT OF ACCOUNTS 2021/22

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

No	Item	Uncertainties	Effect If Actual Results Differ From Assumptions
1	Non-Current Assets - Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the total annual depreciation charge for all non-current assets would increase by £2.3M in 2021/22 if the useful lives had been reduced by one year.
2	Non-Current Assets (Non Dwellings) - Valuations	The Council's non-current assets are required to be carried at an up to date valuation. The Council adopts a rolling programme of works that captures all assets within the recommended 5 year period. In addition to this, the Council also reviews the largest 100 assets in terms of valuation, which covers a large proportion of the total asset value.	As at 31st March 2022, there is an absence of any new and specific evidence to quantify the impact of COVID-19 on valuations of operational properties. A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties (excluding Council Dwellings) were to reduce by 10%, this would result in a combined reduction to the Revaluation Reserve and a charge to the Comprehensive Income and Expenditure Statement of approximately £18.5M.
3	Non-Current Assets (Dwellings) -Valuations	The value of the Council's housing dwellings stock is calculated using beacon properties. These valuations are then adjusted for the vacant possession value for the properties and to reflect their occupation by a secure tenant. This adjustment is considered to reflect the additional risk and liability that public sector landlords undertake when compared with private sector investors	The fair value of the Council's housing dwellings stock as at 31st March 2022 has been determined using MHCLG's Social Housing adjustment factor for Yorkshire and Humber of 41%. A 1% decrease in this adjustment factor would have resulted in reduction in valuation of approximately £17.4M.
4	Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. See Note 37 for further details.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £27.4M. However, the assumptions interact in complex ways. During 2021/22, the Council's actuaries advised that the net pension liability had increased by £115.9M as a result of estimates relating to fund assets being corrected based on experience and increased by £93.3M attributable to updating of the assumptions around pension liabilities impact of a decreased liability of £22.6M.

STATEMENT OF ACCOUNTS 2021/22

TECHNICAL ANNEX C

ACCOUNTING STANDARDS REFERENCED BY THE CODE OF PRACTICE

The Code of Practice is based on approved accounting standards and reflects specific statutory accounting requirements. Compliance with The Code is therefore necessary (except in exceptional circumstances) in order that a Council's accounts give a 'true and fair' view of the financial position, financial performance and cash flows of the Council.

The requirements of International Financial Reporting Standards (IFRS) and other pronouncements by the International Accounting Standards Board in effect for accounting periods commencing on or before 1 January 2015 (as adopted by the EU) apply unless specifically adapted by The Code.

IFRS's are considered a "principles based" set of standards in that they establish broad rules as well as dictating specific treatments.

International Financial Reporting Standards comprise:

- Financial Reporting Standards (FRS);
- International Accounting Standards (IAS);
- International Financial Reporting Standards (IFRS);
- International Financial Reporting Interpretations Committee (IFRIC); and
- Standing Interpretations Committee (SIC).

A further set of interpretations, specifically for the Public Sector, are International Public Sector Accounting Standards (IPSAS).

There are also some UK GAAP accounting standards that remain relevant to Local Authorities as they have no equivalent standard under IFRS and The Code interprets them accordingly.

The paragraphs below give a brief description of the accounting standards that are referred to in CIPFA's Code of Practice. Where relevant, interpretations have been grouped with the standard that they are interpreting.

Financial Reporting Standards (FRS):

Accounting Standard	Link	Accounting Standard	Link
FRS 25 – Financial Instruments: Presentation	FRS 25	FRS 26 – Financial Instruments: Recognition & Measurement	FRS 26
FRS 29 – Financial Instruments: Disclosures	FRS 27	FRS 102 – The Financial Reporting Standard Applicable in the UK	FRS 102

International Accounting Standards (IAS)

Accounting Standard	Link	Accounting Standard	Link
IAS 1 – Presentation of Financial Statements	IAS 1	IAS 2 – Inventories	IAS 2
IAS 7 – Statement of Cash Flows	IAS 7	IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8
IAS 10 – Events After the Reporting Period	IAS 10	IAS 11 – Construction Contracts	IAS 11
IAS 12 – Income Taxes	IAS 12	IAS 16 – Property, Plant and Equipment	IAS 16
IAS 17 – Leases	IAS 17	IAS 18 – Revenue	IAS 18
IAS 19 – Employee Benefits	IAS 19	IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	IAS 20
IAS 21 – Effects of Changes in Foreign Exchange Rates	IAS 21	IAS 23 – Borrowing Costs	IAS 23
IAS 24 – Related Party Disclosures	IAS 24	IAS 26 – Retirement Benefit Plans	IAS 26
IAS 27 – Consolidated and Separate Financial Statements	IAS 27	IAS 28 – Investments in Associates & Joint Ventures	IAS 28
IAS 29 – Financial Reporting in Hyperinflationary Economies	IAS 29	IAS 32 – Financial Instruments: Presentation	IAS 32
IAS 36 – Impairment of Assets	IAS 36	IAS 37 – Provisions, Contingent Liabilities and Assets	IAS 37
IAS 38 – Intangible Assets	IAS 38	IAS 39 – Financial Instruments: Recognition & Measurement	IAS 39
IAS 40 – Investment Property	IAS 40	IAS 41 – Agriculture	IAS 41

STATEMENT OF ACCOUNTS 2021/22

International Financial Reporting Standards (IFRS)

Accounting Standard	Link	Accounting Standard	Link
IFRS 2 – Share Based Payment	IFRS 2	IFRS 3 – Business Combinations	IFRS 3
IFRS 4 – Insurance Contracts	IFRS 4	IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations.	IFRS 5
IFRS 6 – Exploration for and Evaluation of Mineral Resources	IFRS 6	IFRS 7 – Financial Instruments: Disclosures	IFRS 7
IFRS 8 – Operating Segments	IFRS 8	IFRS 9 – Financial Instruments	IFRS 9
IFRS 10 – Consolidated Financial Statements	IFRS 10	IFRS 11 – Joint Arrangements	IFRS 11
IFRS 12 – Disclosure in Other Entities	IFRS 12	IFRS 13 – Fair Value Measurement	IFRS 13
IFRS 15 – Revenue from Contracts with Customers	IFRS 15		

International Financial Reporting Interpretations Committee (IFRIC)

Accounting Standard	Link	Accounting Standard	Link
IFRIC 1 – Changes in Existing Decommissioning, Restoration & Similar Liabilities	IFRIC 1	IFRIC 4 – Determining Whether an Arrangement Contains a Lease.	IFRIC 4
IFRIC 5 – Rights to Interest Arising From Decommissioning, Restoration & Environmental Rehabilitation Funds	IFRIC 5	IFRIC 6 – Liabilities Arising From Participating in a Specific Market-Waste Electrical & Electronic Equipment	IFRIC 6
IFRIC 7 – Applying the Restatement Approach Under IAS 29	IFRIC 7	IFRIC 12 – Service Concession Arrangements	IFRIC 12
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (IAS 19 – Employee Benefits)	IFRIC 14	IFRIC 21 – Levies	IFRIC 21

Standing Interpretations Committee (SIC)

Accounting Standard	Link	Accounting Standard	Link
SIC 15 – Operating Leases: Incentives	SIC 15	SIC 25 – Income Taxes: Changes in the Tax Status of an Entity or its Shareholders	SIC 25
SIC 27 – Evaluating the Substance of Transactions Involving The Legal Form of a Lease	SIC 27	SIC 29 – Disclosure – Service Concession Arrangements	SIC 29
SIC 32 – Intangible Assets: Web Site Costs	SIC 32		

International Public Sector Accounting Standards (IPSAS)

Accounting Standard	Link	Accounting Standard	Link
IPSAS 1 – Presentation of Financial Statements	IPSAS 1	IPSAS 2 – Cash Flow Statements	IPSAS 2
IPSAS 3 – Accounting Policies, Changes in Accounting Estimates and Errors	IPSAS 3	IPSAS 4 – Effects of Changes in Foreign Exchange Rates	IPSAS 4
IPSAS 5 – Borrowing Costs	IPSAS 5	IPSAS 9 – Revenue From Exchange Transactions	IPSAS 9
IPSAS 10 – Financial Reporting in Hyperinflationary Economies	IPSAS 10	IPSAS 11 – Construction Contracts	IPSAS 11
IPSAS 12 – Inventories	IPSAS 12	IPSAS 13 – Leases	IPSAS 13
IPSAS 14 – Events After the Reporting Period	IPSAS 14	IPSAS 16 – Investment Property	IPSAS 16
IPSAS 17 – Property, Plant and Equipment	IPSAS 17	IPSAS 19 – Provisions, Contingent Liabilities and Assets	IPSAS 19
IPSAS 20 – Related Party Disclosures	IPSAS 20	IPSAS 21 – Impairment of Non-Cash Generating Assets	IPSAS 21
IPSAS 23 – Revenue From Non-Exchange Transactions (Taxes & Transfers)	IPSAS 23	IPSAS 25 – Employee Benefits	IPSAS 25
IPSAS 26 – Impairment of Cash Generating Assets	IPSAS 26	IPSAS 27 – Agriculture	IPSAS 27
IPSAS 28 – Financial Instruments: Presentation	IPSAS 28	IPSAS 29 – Financial Instruments: Recognition & Measurement	IPSAS 29
IPSAS 30 – Financial Instruments: Disclosures	IPSAS 30	IPSAS 31 – Intangible Assets	IPSAS 31
IPSAS 32 – Service Concession Arrangements: Grantor	IPSAS 32	IPSAS 34 – Separate Financial Statements	IPSAS 34
IPSAS 35 – Consolidated Financial Statements	IPSAS 35	IPSAS 36 – Investments in Associates and Joint Ventures	IPSAS 36
IPSAS 37 – Joint Arrangements	IPSAS 37	IPSAS 38 – Disclosure of Interests	IPSAS 38
IPSAS 39 – Employee Benefits	IPSAS 39		

STATEMENT OF ACCOUNTS 2021/22

TECHNICAL ANNEX D

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

A Council shall 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. A Council shall provide known, or reasonably estimable information, relevant to assessing the possible impact that application of the new IFRS will have on the Council's financial statements, including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2022 for 2022/23).

The standards that may be relevant for additional disclosures that will be required in the 2021/22 financial statements in respect of accounting changes that are introduced in the 2022/23 Code are:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard;
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material;
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code as it is envisioned that there aren't likely to be any significant effects on local authority financial statements.

- Adoption of IFRS16 – Leases. The adoption of this standard was originally scheduled to be from the 1st April 2020 (for the 2020/21 financial year). Due to the impact of the COVID-19 pandemic and external auditor market, it has been subsequently deferred to 1st April 2024 [for 2024/25 accounts]. The Council has yet to quantify the potential impact of this adoption.

Subsequent years' Statement of Accounts will detail any material change in accounting policy.

TECHNICAL ANNEX E

STATUTORY SOURCES

Great Britain Legislation
1 Local Government and Housing Act 1989 (<i>including HRA in England and Wales</i>)
2 Local Government Finance Act 1992 (<i>Council tax</i>)
3 Waste and Emissions Trading Act 2003 (<i>Landfill allowances</i>)
England & Wales Legislation
1 Local Government Act 1972
2 Superannuation Act 1972 (<i>Pension funds</i>)
3 Local Government Finance Act 1988 (<i>General Fund and Collection Fund</i>)
4 Local Government and Housing Act 1989
5 School Standards and Framework Act 1998 (<i>School balances</i>)
6 Transport Act 2000
7 Education Act 2002 (<i>Dedicated Schools Grant</i>)
8 Local Government Act 2003, Part 1 (<i>Capital finance and accounts</i>)
9 Local Government Act 2003, Part IV (<i>Business Improvement Districts</i>)
10 Waste and Emissions Trading Act 2003
11 Public Audit (Wales) Act 2004
12 National Health Service Act 2006
13 National Health Service (Wales) Act 2006
14 Planning Act 2008 (<i>Community Infrastructure Levy</i>)
15 Business Rate Supplements Act 2009
16 The Local Audit and Accountability Act 2014
17 The Accounts and Audit (Wales) Regulations 2014 (Welsh SI)



Core Directorate
Neil Copley; BA (Hons), CPFA
Service Director Finance
(S151, Chief Finance Officer)

Grant Thornton UK LLP
No 1 Whitehall Riverside
LEEDS
LS1 4BN

My Ref: NC / PD / NW
Your Ref:
Date: 24th November 2022
Enquiries Neil Copley
Direct 01226 773237
E-Mail: neilcopley@barnsley.gov.uk

24 November 2022

Dear Sirs

Barnsley Metropolitan Borough Council - Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Barnsley Metropolitan Borough Council and its subsidiary undertakings, Berneslai Homes Limited and Penistone Grammar Trust for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law

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

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or

disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Council financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the [group and] Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. *We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. TBC before issuing the audit opinion.* The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. The prior period disclosure adjustment disclosed in Note 25 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xv. We confirm that the Life Cycle Account and the balances held in this bank account as at 31 March 2022 is not controlled or owned by the Council and therefore not included in the financial statements as at 31 March 2022.
- xvi. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

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

- xvii. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xviii. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

- xix. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- xx. We have communicated to you all deficiencies in internal control of which management is aware.
- xxi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxiii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxiv. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxvi. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xxvii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxviii. *Any other matters that the auditor may consider appropriate – TBC before issuing the audit opinion*

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 16 November and fully approved and signed off by the relevant members at the full Council meeting on 24 November 2022.

Yours faithfully

NEIL COPLEY
Name.....

Service Director Finance
Position.....

Date.....

SHOKAT LAL
Name.....

Executive Director Core
Position.....

Date.....

Signed on behalf of the Council

The Audit Findings (ISA 260) Report for Barnsley Metropolitan Borough Council

Year ended 31 March 2022

9 November 2022



Contents



Your key Grant Thornton team members are:

Gareth Mills

Key Audit Partner & Engagement Lead

T 0113 200 2535

E gareth.mills@uk.gt.com

Thilina De Zoysa

Engagement Senior Manager

T 0113 200 1589

E thilina.de.zoysa@uk.gt.com

Haz Anjum

Engagement Assistant Manager

T 0161 953 6363

E haz.anjum@uk.gt.com

Joseph Hanks

Engagement Associate

T 0113 200 2511

E: joseph.t.hanks@uk.gt.com

Section

- 1. Headlines
- 2. Financial statements
- 3. Value for money arrangements
- 4. Independence and ethics

Page

- 3
- 5
- 23
- 25

Appendices

- A. Action Plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees
- E. Audit Opinion (draft)
- F. Management Letter of Representation (draft)
- G. Audit letter in respect of delayed VFM work

- 29
- 38
- 43
- 46
- 47
- 48
- 52

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit and Governance Committee.

Gareth D Mills

Name: Gareth Mills
For Grant Thornton UK LLP
Date: 9 November 2022

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1. Headlines

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was conducted remotely from July through to concluding in November. Our findings are summarised in Section Two of this report. As at the date of this report, we have not identified any audit adjustments impacting on the Council's outturn position and useable reserves.

Our work identified a number of disclosure and presentational audit adjustments which are detailed at Appendix C. We have raised some recommendations for management as a result of our work in the Action Plan at Appendix A. Our follow up of recommendations from the prior year are detailed at Appendix B.

Our work is nearing completion in advance of our target completion date of the end of November. At present, there are no matters of which we are aware that would require modification of our proposed audit opinion (Appendix E for an update) or material changes to the financial statements, subject to the following outstanding matters:

- completing the remaining elements of our work on Property, plant and equipment (PPE), pension fund assets and liabilities, payables and receivables, journals, grant income, operating expenditure, the Group audit and additional assurance from the auditor of South Yorkshire Pension Fund
- publication of the Statutory Instrument (SI) from the Department for Levelling Up, Housing and Communities (DLUHC) on the statutory override for the accounting arrangements relating to infrastructure assets (see also page 13 for further details)
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of land and buildings valuation, pension fund liability and journals testing
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the signed management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Timing of the completion of the 2021-22 audit

In our discussions with management, our approach is to conclude all work on the audit by 30 November 2022 in line with the statutory target. However, there is a national issue across the sector in terms of accounting for infrastructure assets (set out in more detail on page 13) which is expected to be resolved via the issuing of a Statutory Instrument from DLUHC.

We have agreed with management that we will await the publication of the SI in order to avoid issuing a qualified opinion on the issue of infrastructure. At the time of this report the exact publication date remains unclear but it is anticipated that it will be issued and will become a legal instrument in late December. The SI is expected to resolve the infrastructure accounting issue across the sector and should all other aspects of the audit be concluded appropriately, we would expect to issue a clean (unqualified) audit opinion at that time.

This section summarises the key findings and other matters arising from the statutory audit of Barnsley Metropolitan Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2022 for those charged with governance.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached at Appendix G to this report. We expect to issue our Auditor's Annual Report in time for the Audit and Governance Committee meeting on 18 January 2023. This is ahead of the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued within three months after the date of the opinion on the financial statements.

As reported to you in our Audit Plan in July, our planning risk assessment work identified one possible significant weakness in the Council's arrangements. This is in relation to the Ofsted and CQC Inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley. We also identified this as a key recommendation issue in our 2020-21 VFM work and reported this in our Auditor's Annual Report in March 2022. Considering this inspection was carried out and reported in 2021-22, we consider this a continuing issue in the Council's VFM arrangements for 2021-22. As part of our 2021-22 VFM review, which is not yet completed, we are following up Council's actions in relation to the Ofsted findings. Further details of this issue is included in Section Three of this report.

As with many other local authorities across the country, the Council is facing cost pressures resulting from increasing inflation, interest rates, energy and pay expenditure. This is challenging on the Council's ability to deliver the agreed budgets and setting Medium Term Financial Plans. We will summarise our findings on these areas as part of our VFM work and report to you through our Auditor's Annual Report in January 2023.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We cannot issue our 2021-22 audit certificate at this time. Subject to the completion of our work on the Council's VFM arrangements, our review of the Council's Whole of Government Accounts (WGA) submission, and the issue of the Statutory Instrument in respect of Infrastructure Assets, we will then be in a position to issue our audit certificate in the New Year.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Acknowledgements

We would like to take this opportunity to record our appreciation for the continued assistance and support provided by the finance team and other staff during our audit.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings (ISA260) Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be presented to the Audit and Governance Committee on 16 November 2022.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- an evaluation of the Council's internal controls environment, including its IT systems and controls
- an evaluation of the components of the Group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of each component and to determine the planned audit response. From this evaluation we determined that a targeted approach was required as part of our audit work on the following Group components; Berneslai Homes Limited (BHL) and Penistone Grammar Trust (PGT). This is consistent with our audit approach in previous years.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

Conclusion

We have substantially completed our audit of your financial statements and subject to the outstanding queries being resolved and a statutory instrument being issued in respect of accounting for infrastructure assets (also see page 13 for further details), we anticipate issuing an unqualified audit opinion. These outstanding items include:

- completing the remaining elements of our work on PPE, pension fund assets and liabilities, payables and receivables, journals, grant income, operating expenditure, the Group audit and additional assurance from the pension fund auditor
- publication of the Statutory Instrument from the Department for Levelling Up, Housing and Communities (DLUHC) on the statutory override for the accounting arrangements relating to infrastructure assets (see also page 13 for further details)
- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of PPE valuation, pension fund liability and journals testing
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the signed management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

On receipt of the draft financial statements for 2021-22, we revised the materiality levels as reported in our Audit Plan dated 18 July 2022 to reflect the increase in gross expenditure in net cost of services (our benchmark for determining materiality) of some £130m.

The updated materiality levels are shown in the table alongside for both the Council and the group.

Materiality area	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Revised materiality for the financial statements	10,750k	10,692k	We have determined materiality at 1.5% of gross operating expenditure in net cost of services. We consider this as the most appropriate criteria given stakeholders interest in the Council delivering its budget.
Planning materiality	8,805k	8,721k	
			There are no changes to this benchmark that was set out in our Audit Plan dated 18 July 2022.
Revised performance materiality	7,525k	7,484k	Assessed to be 70% of financial statement materiality.
Planning performance materiality	6,164k	6,105k	
Revised triviality amount	537k	534k	This equates to 5% of materiality. This is our reporting threshold to the Audit and Governance Committee for any errors identified.
Planning triviality amount	440k	436k	
Revised materiality for senior officer remuneration disclosures	-	15k	The senior officer remuneration disclosures in the Financial Statements have been identified as an area requiring specific materiality due to its sensitive nature.
Original materiality for senior officer remuneration disclosures	-	15k	
			There are no changes to this threshold from our Audit Plan dated 18 July 2022.



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Management override of controls (Risk relating to the Council)</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals analysed the journals listing and determined the criteria for selecting high risk unusual journals tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work in this area remains ongoing, however to date has not identified any issues in respect of management override of controls. We will provide a verbal update to the Audit and Governance Committee on 16 November should any significant issues arise from completing our work in this area.</p>



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Risk of fraud in revenue recognition and expenditure

[Risk relating to the Council]

Revenue

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable.

Expenditure

Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom). Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because:

- there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds
- there is no significant pressures on general fund reserves of the Council
- Covid -19 funding has been sufficiently provided for additional expenditure and loss of income during 2020-21 and into 2021-22.

As part of our final accounts audit process, we have reconsidered our rebuttal of both revenue and expenditure recognition and consider the rebuttal is still remain appropriate. Notwithstanding that we have rebutted these risks, we have undertaken a significant level of work on the Council's revenue streams, as they are material to the financial statements audit.

As part of our audit work, we have:

Accounting policies and systems

- Evaluated the Council's accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with the CIPFA Code
- Updated our understanding of the Council's business processes associated with accounting for income and expenditure.

Fees, Charges and other service income

- Agreed, on a sample basis, income and year end receivables from other income supporting evidence.

Taxation and non specific grant income

- Income for national non-domestic rates and council tax is predictable and therefore we would conducted substantive analytical procedures
- For other grants we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment was in line with the CIPFA Code. Please see further reporting at page 17

Expenditure

- Agreed, on a sample basis, non pay expenditure and year end payables to supporting evidence
- Undertook detailed substantive analytical procedures on pay expenditure.

We also carried out sufficient and appropriate audit procedures to ascertain that recognition of income and expenditure was in the correct accounting period using cut off testing.

From our audit work to date, there are no issues arising that require reporting to the Audit and Governance Committee.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of land and buildings, including Council dwellings

(Risk relating to the Council)

The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £1.02 billion) and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.

We therefore identified the closing valuation of land and buildings, including council dwellings as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our work we have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed with the valuer the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- engaged our own auditor's expert valuer to assess the instructions issued to the Council's valuer, the Council's valuer's report and the assumptions that underpin the valuation
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end
- considered, where the valuation date is not 31 March 2022 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2022.

Our audit work completed to date has not identified any issues in respect of the valuation of land and buildings.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of the pension fund net liability

(Risk relating to the Council)

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£327.4m in the Authority's balance sheet {Group £353.2m}) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report
- obtained assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. **[currently awaiting]**

Our audit work to date has not identified any issues in respect of valuation of the pension fund liability except for the following disclosure issue:

- our review of the pensions disclosures within Note 37 Defined Benefit Pension Schemes identified that no sensitivity analysis had been disclosed for pension assets valued at level 3 (e.g. complex valuations such as private equity shares, complex derivatives where there is no readily available market information and need to make more assumptions on the estimate valuation) around the estimation uncertainty in relation to the valuation of these assets. Following discussions with management, this disclosure has now been added based on South Yorkshire Pension Fund (SYPF) 2021-22 valuations reported in the SYPF audited accounts. This amendment is also reported at Appendix C.

Further to discussions across public sector audit suppliers delivering pension fund audits, we have been informed that certain additional assurances are required from the pension fund auditor, as part of our audit of Council's pension fund net liability. The additional information mainly relates to the valuation of pension scheme assets in level 1, 2 and 3 of the fair value hierarchy and the approach taken to reviewing such valuations. This information should already be available to the pension fund auditor and should not require any significant additional work. We understand other audit firms are taking a similar approach regarding obtaining these additional assurances as part of auditing the pension fund net liability. We have requested for this information from the SYPF auditor and are currently awaiting a response.

2. Key findings arising from the Group audit

Component	Work performed	Group audit impact and findings
Berneslai Homes Limited (BHL)	<p>We adopted a targeted approach of the material balances and transactions of BHL within the Group financial statements for the year ended 31 March 2022.</p> <ul style="list-style-type: none"> Our audit approach included obtaining sufficient assurances based on group materiality over material balances and transactions of BHL outside the group boundary, based on group materiality. This included the BHL pension fund liability, operating expenditure, short term investments and any other material balances and transactions outside the Group 	<p>Our audit work in this area is currently in progress.</p> <p>From our work completed to date, there are no issues to report from the consolidation of BHL into the Council's group accounts.</p>
Penistone Grammar Trust (PGT)	<p>We adopted a targeted approach of the material balances and transactions of PGT within the Group financial statements for the year ended 31 March 2022.</p> <ul style="list-style-type: none"> Our audit approach included obtaining sufficient assurances based on group materiality, over material balances and transactions of PGT, outside the Group boundary. This included the PGT land and buildings and endowment funds balances and any other relevant material balances and transactions outside the Group 	<p>Our audit work in this area is currently in progress.</p> <p>From our work completed to date, there are no issues to report from the consolidation of PGT into the Council's group accounts.</p>

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Auditor commentary and view
<p>IFRS 16 implementation</p> <p>FRAB agreed with the deferral of IFRS 16 to 2024- 25. Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. If management elect to implement IFRS 16 from April 2022 (early adoption) then in the 2021-22 accounts as a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts</p>	<p>The Council has decided not to adopt the standard early in its financial statements. The Council has included a high level reference to IFRS16 in its accounts, Technical Annex D Accounting Standards that have been issued but have not yet been adopted.</p> <p>Management and the audit team will liaise during the 2022-23 audit to ensure the requirements of the new standard are being followed and plans are developed for IFRS 16 implementation to be adequately reported in the 2023-24 accounts and fully adopted in the 2024-25 accounts.</p>
<p>Recognition and Presentation of Grant Income</p> <p>The Council receives a number of grants and contributions and is required to follow the requirements set out in sections 2.3 and 2.6 of the Code. The main considerations are to determine whether the Council is acting as principal/ agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income.</p> <p>The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.</p>	<p>Note 15 to the accounts includes a detailed analysis of grant income covering grant income recognised through the Comprehensive Income and Expenditure Statement (CIES). Note 33 to the accounts includes grants and contributions received in advance. The notes provide the accounting principles supporting grant income.</p> <p>Our audit testing of grant income relating to 2021-22 has not identified any non-compliance with the requirements for grant accounting as specified in the Code. Our work involved reviewing the Council’s treatment of grants including Covid-19 related grants as either agent (where the Council passes on the grant without having control over its award) or principal (where the Council determines the grant award to be provided). Grant awards where the Council is acting as principal are recorded within the Council’s CIES whereas grants where the Council has acted as agent are not.</p> <p>Our work also reviewed the appropriateness of the disclosures made and we undertook sample testing of a number of grants. We identified a transposition line error between Covid-19 general grants and Section 31 grants (note 15) which has been now corrected. This has no impact to the total grant income and accounting treatment. We have reported this at Appendix C.</p> <p>No other issues have been identified in recognition and presentation of Grant Income.</p>
<p>IT General Controls (ITGC) work</p> <p>As part of our audit procedures on the financial statements, we conducted our ITGC work. This was targeted on general IT controls and was performed by our IT specialists. The objective was to identify any significant deficiencies in IT general controls that could lead to any material errors in the financial statements.</p>	<p>There were some recommendations arising from our IT work which have been included under Appendix A. The recommendations are primarily concerned with weaknesses at system access level, where there are compensating controls in place to detect and reduce material errors in the financial statements.</p> <p>The audit team has considered the issues identified and do not consider them significant enough to have an impact on our audit approach (as we performed a fully substantive audit approach with no reliance on operating effectiveness of controls whether they are IT or manual). The recommendations identified by our IT audit specialists would further strengthen the Council’s IT control environment when implemented.</p>

2. Financial Statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Auditor commentary and view
<p>National local authority accounting issue:</p> <p>Valuation of Infrastructure Assets</p> <p>The Code requires infrastructure to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. In addition, the Code requires a reconciliation of gross carrying amounts and accumulated depreciation and impairment from the beginning to the end of the reporting period.</p> <p>The Council has material infrastructure assets amounting to c£300m as at 31 March 2022, there is therefore a potential risk of material misstatement related to the infrastructure balance.</p>	<p>Our review of the Council's arrangements for accounting for infrastructure assets noted that its arrangements, as with most other authorities, do not fully comply with the requirements of the CIPFA Code of Practice on Local Authority Accounting and International Accounting Standard (IAS) 16, which establishes the principles for recognising property, plant and equipment as assets, measuring their carrying amounts, and measuring the depreciation charges and impairment losses.</p> <p>The Council, in common with most other local authorities, capitalises additional expenditure on infrastructure assets, for example on resurfacing roads. However, the amount written out against the gross value of infrastructure assets and depreciation following these improvement works may not fully write out the appropriate proportion of the improvements made and are unable to be clearly demonstrated by available records held by the Council. As a result, there is a risk that the Council's gross book value and accumulated depreciation infrastructure balances could be materially misstated.</p> <p>The valuation of infrastructure assets in local government continues to be an on-going national issue. Given the value of infrastructure assets at the Council totals c£300m, a resolution for the sector is necessary before we are able to conclude on the 2021-22 audit.</p> <p>We understand the Department for Levelling Up, Housing and Communities (DLUHC) is in the process of issuing a Statutory Instrument which would provide a statutory override given most authorities do not fully comply with current accounting requirements on infrastructure assets. We understand the DLUHC is aiming to issue the Statutory Instrument in late December 2022.</p> <p>We will continue to keep the finance team and the Audit and Governance Committee briefed on any developments as they arise. The issue of the SI (and its contents) will determine when we will be in a position to conclude and sign off the Council's 2021-22 accounts, but we anticipate this to be early in the New Year.</p>
<p>Disclosure Prior Period Adjustment (PPA) - Note 25, Leases</p> <p>Our work highlighted the leases note 25 included a 'restated' sign under finance leases table disclosed.</p> <p>Our further inquiries indicated that this is in relation to Barnsley Metrodome, which the Council identified in 2021-22 that it has always owned this asset and incorrectly previously reported it within finance leases under note 25.</p> <p>The restatement was to remove the valuation of Barnsley Metrodome amounting to £20,828k from the lease disclosure table.</p>	<p>Our further audit work in this area indicated that:</p> <ul style="list-style-type: none"> - This adjustment is within the scope of relevant Accounting Standard for a PPA (IAS 8) - Barnsley Metrodome has always been included in the Council's balance sheet and depreciated accordingly. No rental was paid as it was an owned asset. Therefore, this is a disclosure PPA within the scope of IAS 8 - It has no impact on brought forward reserves as at 1 April 2021 - Required disclosures should be made in note 25 in relation to this PPA in line with IAS 8 accounting principles. As reported at Appendix C, management has agreed to make these disclosures and they will be included in the revised version of the accounts.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Council Dwellings valuation: £715.9m	<p>The Council is required to revalue its Council housing in accordance with Department of Levelling up Housing and Communities (DLUHC) Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council has engaged its valuer to complete the valuation of these properties. The Council Dwelling valuation as at 31 March 2022 was £715.9m, a net increase of £68.5m from 2020-21 (£647.4m).</p>	<ul style="list-style-type: none"> The Council's RICS qualified valuer has valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties. Our work indicated that this methodology was applied correctly to the 2021-22 valuation. We have assessed the Council's valuer to be competent, capable and objective in carrying out the valuations We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report We have agreed the HRA valuation report to the accounts We have compared the valuation movements with the Gerald Eve (property valuation specialists) national report and held discussions with our own valuation specialist.. These discussions are still on going. We have also challenged management and the Council's valuation expert on valuation differences identified through our sensitivity analysis work using other relevant indices. These discussions remain on-going and we intend make our conclusions before we issue the audit opinion. <p>There are no issues arising to date from our work that we wish to bring to the attention of management or the Audit and Governance Committee.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p> <p>(Green) - TBC</p>

Assessment

- **[Red]** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **[Amber]** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic or cautious
- **[Green]** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<p>Other Land and Buildings valuation: £303.5m</p>	<p>Other land and buildings comprises £172.9 of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings (£130.6) are not specialised in nature (such as car parks) and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Council has engaged its in-house RICS qualified valuer to complete the valuation of assets on a five yearly cyclical basis as permitted by Code of Practice on Local Authority Accounting. Approximately 85% of total other land and buildings assets (by gross value) were revalued during 2021-22.</p> <p>Management has also considered the year end value of non-revalued properties of 100 larger value land and buildings (similar approach as in previous years) and has included these in 2021-22 valuation process to gain a higher coverage of valuations.</p> <p>The total year end valuation of other land and buildings was £303.5m.</p>	<ul style="list-style-type: none"> We have assessed the Council's in-house valuer, to be competent, capable and objective We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and have no issues to report Further to our previous year recommendation (see Appendix B), management has changed the valuation date of revalued assets to 30 September which is closer to the year end date than the previous date of 1 April. Whilst this is an improvement from previous years, we have further recommended management to consider a more closer date to 31 March. (see Appendix B) The valuation methods remain consistent with the prior year In relation to assets not revalued in the year, we have compared the Gerald Eve (valuation specialists) property valuation report and held discussions with our own, auditor's valuation specialist. These discussions are still on going. We have also challenged management and the Council's valuation specialist on valuation differences identified through our sensitivity analysis work using other indices. These discussions are still on-going and we intend make our conclusions before we issue the audit opinion. 	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious (Green) - TBC</p>

2. Financial Statements - key judgements and estimates

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Net pension liability (Council)
£327.4m

Per the draft accounts, the Council's net pension liability at 31 March 2022 is £327.4m (PY £439.6m) comprising the Council's share of the South Yorkshire Local Government Pension Scheme.

The Council engaged Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed at 31 March 2019, utilising key assumptions such as life expectancy, discount rates, salary growth and pension increase rate.

Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £116m net actuarial gain during 2021-22. The improved position results mainly from an increase in pension asset values of £93m and a reduction in pension liabilities of £23m.

- We have assessed the Council's actuary, Hymans Robertson, to be competent, capable and objective
- We have performed additional tests in relation to the accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the roll forward calculation carried out by the actuary and have no issues to raise.
- We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – please see the table below for our comparison of actuarial assumptions. The PwC report has also indicated under overall findings section that they are comfortable with the methodologies used by Hymans Robertson to establish and produce reasonable assumptions as at 31 March 2022 for all employers.

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.70%	Assumption appears reasonable	● Green
Pension increase rate	3.2%	Assumption appears reasonable and methodology appropriate.	● Green
Salary increase rate	4.2%	In line with expectation.	● Green
Average Life expectancy – Males (at age 65)	Pensioners: 22.6 Non-pensioners: 24.1	Overall mortality assumptions appear reasonable.	● Green
Average Life expectancy – Females (at age 65)	Pensioners: 25.4 Non-pensioners: 27.3	Overall mortality assumptions appear reasonable.	● Green

- We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate
- We have confirmed there were no significant changes in 2021-22 to the valuation method

We consider management's process is appropriate and key assumptions are neither optimistic or cautious
(Green) TBC

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Grants Income: £399.9m Grants & Contributions received in advance 7.8m	<p>Management has taken into account three main considerations in accounting for grants:</p> <ol style="list-style-type: none"> whether the Council is acting as the principal or agent and particularly whether it controls the goods or services before they transfer to the service recipient. Management's assessment needs to consider all relevant factors such as who bears credit risk and responsibility for any overpayments, who determines the amount, who sets the criteria for entitlement, who designs the scheme and whether there are discretionary elements. whether there are conditions outstanding (as distinct from restrictions) that would require the grant to be recognised as receipt in advance, otherwise grant should be recognised as income whether the grant is a specific or non-specific grant. General un-ringfenced grants are disclosed on the face of the CIES, whereas ringfenced grants are required to be credited to service revenue accounts. <p>There may be judgements over the accounting treatment. Different conclusions may be reached by the Councils depending on how they have applied any discretion in administering the schemes and application of Code guidance.</p>	<p>The Council receives a number of grants and contributions and is required to follow the requirements set out in the Code. The main considerations are to determine whether the Council is acting as principal or agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Council also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income.</p> <p>As part of our audit work, we have:</p> <ul style="list-style-type: none"> substantively tested a sample of grants across categories and reviewed management's assessment as to whether the Council is acting as the principal or agent for the samples selected, reviewed the completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income assessed for the sample of grants received, whether the grant is specific or non specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES or not assessed the adequacy of disclosure of grants received and judgement used by management as part of our detailed testing. <p>Our work to date has not identified any matters to report.</p>	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p> <p>(Green) - TBC</p>

2. key judgements and estimates (continued)

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision: £7.1m (PY £6.8m)	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance</p> <p>The year end MRP charge was £7.1m, a net increase of £0.3m from the prior year. In 2015-16, the Council undertook a review of its MRP policy in line with the Capital Financing Regulations. Under the current statutory guidance, there are four options available to the Council:</p> <ol style="list-style-type: none"> 1. Regulatory Method 2. Capital Financing Requirement Method 3. Asset Life Method 4. Depreciation Method <p>As part of the review by the Council, consideration was given to all four options. Options 1 and 2 were not selected as those were based on more fixed approaches without much consideration on actual scenarios such as useful economic life of the financed assets. The depreciation method was based on actual depreciation charged and taking in impairments which are volatile in nature without much regard to the asset life.</p> <p>Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the useful life of the asset. Like many other local authorities in the region, the Council adopts option 3 as it provides a method that is linked to the useful economic life of the financed asset.</p> <p>For capital expenditure incurred before 1 April 2008, and for supported capital expenditure incurred on or after that date, MRP would be determined in accordance with Option 3 - Asset Life Method. For non-supported (prudentially borrowed) capital expenditure incurred after 1 April 2008, MRP would also be determined in accordance with Option 3.</p> <p>Within Option 3, MRP is permitted to be calculated in one of two ways – equal instalments or on an annuity basis. The Council has chosen to calculate MRP on an annuity basis. Whilst this is in line with permitted guidance, this has the effect of reducing MRP in the early years and increasing it in the later years of the asset.</p>	<ul style="list-style-type: none"> • We have reviewed the Council's approach to MRP as described on the left and overleaf on page 19 • The Council's calculation of MRP has been determined in line with the statutory guidance and management assess the MRP charge to remain prudent • There have been no changes in the Council's policy for calculation of MRP since the current policy was approved by full Council in 2015-16 • As described in management's approach, the Council has set aside a budget contingency for future MRP payments where there could be increased payments towards the end of asset lives. As at 31 March 2022, this MRP reserve for future year payments amounted to £10.7m. This is a prudent and good practice adopted by the Council • Our work indicated that, overall the Council's MRP policy is prudent with appropriate application of Option of the statutory guidance, associated judgements and estimates on useful economic life of financed assets. 	<p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p> <p>[Green]</p>

2. key judgements and estimates (continued)

Significant judgement or estimate

Summary of management's approach

Audit Comments

Assessment

Minimum Revenue Provision continued

MRP will ordinarily commence in the financial year following the one in which expenditure is incurred. However, MRP guidance permits authorities to defer MRP until the financial year following the one in which the asset becomes operational. The Council has chosen to employ this method, on significant qualifying projects such as the Glassworks project which was majority completed during 2021-22 with just over £100m of assets under construction came into operation. Therefore, it is expected a higher MRP charge in 2022-23. The option remains available for the Council to use this discretion moving forwards.

In applying Option 3, the Council's finance team in conjunction with the RICS qualified Council valuer review the useful lives of assets. At the time when Option 3 was first applied in 2015-16, a useful asset life of 50 years was attributed to all assets with the exception of schools which was set at 60 years. Subsequently in 2018-19, this was revised to 50 years for all assets including schools following publication of updated government regulations which stated that a maximum of 50 years could only be used for useful lives.

The MRP charge is an area of increasing focus for local authority external auditors following recent high publicised financial challenges at certain local authorities where MRP charges were found to be inappropriate. For our 2021-22 audits, we have compared the MRP charge as a percentage of the Capital Financing Requirement for the General Fund. At Barnsley, the charge is £7.1m against a General Fund CFR amount of £801m – ie less than a 1% amount – which is low compared to most of our other local authorities. However, when you take into account the significant level of assets under construction that has become operational during 2021-22 and the policy adapted above, together with the MRP future reserve (see below) the Council's charge is deemed reasonable.

MRP on an Annuity Basis

The Council also accounts for MRP and repayment of borrowing on an annuity basis. This means all outstanding debt is 'repaid' within the 50 years as per the policy with the profile of repayments increasing over time i.e. repayments start low and increase over the 50 year term. The annuity method is permitted as per the Statutory Guidance.

From a budgeting perspective the Council provides for more MRP charges than the actual charges in the early years of the debt, effectively creating an underspend and MRP reserve (this has taken place since 2015-16 and is evident in the reserves statement within the accounts). This underspend is earmarked specifically for future MRP charges where the Council know such charges will be required. As at 31 March 2022, this MRP future years reserve totals was £10.7m and is included in Note 4 to the accounts.

Overall, the Council maintains an MRP model that compares future charges, the budgetary provision and the associated earmarked reserves to ensure that the MRP charges are affordable over the 50 year period. Using this model, the Council is able to appropriately set aside both budgetary provision via the MTFs and the accumulated reserves to maintain this prudent approach.

See previous page for auditor comments.

We consider management's process is appropriate and key assumptions are neither optimistic or cautious

[Green]

2. Financial Statements - other communication requirements

We set out alongside details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Page 174

Issue	Commentary
Matters in relation to fraud	<p>We have previously discussed the risk of fraud with the Council's Audit and Governance Committee and the Chief Financial Officer.</p> <p>We were made aware of a non-material fraud which occurred in June 2021. The Council was the victim of a fraudulent criminal activity. The Council has been open and transparent in communicating this matter promptly to us as external auditors from June 2021. We performed sufficient work in relation to this matter and reported our findings to the Audit and Governance Committee in our 2020-21 Audit Finding Report (ISA 260) and our 2020-21 Auditor's Annual Report. We also made one recommendation last year in relation to this matter. We are pleased to confirm that all actions have now been taken by the Council in relation to our recommendation - see Appendix B.</p> <p>The Council also reported this matter in 2020-21 Annual Governance Statement (AGS) and also highlighted this in 2021-22 AGS.</p> <p>Other than the matter above, we have not been made aware of any other significant incidents in the year and no other issues have been identified during the course of our audit</p>
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	The proposed letter of management representation is included at Appendix F.
Confirmation requests from third parties	We requested from management permission to send a confirmation request to the Council's bankers, and entities who were involved with the Council's investments and borrowings. This permission was granted and the requests were sent and responded to with positive confirmations.
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures.</p> <p>Our review found no material omissions in the financial statements to date. Our work did identify a small number of presentational disclosure amendments which have been processed by management and these are set out at Appendix C.</p>
Audit evidence and explanations / significant difficulties	<p>As in previous years, we have continued to experience good co-operation and engagement from the Council during our 2021-22 audit.</p> <p>In order to finalise our audit, we expect to receive continued timely engagement and responses from management. There are no significant difficulties to report in terms of receipt of audit evidence for all information and explanations requested.</p>

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA [UK] 570).

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Council and the environment in which it operates the Council's financial reporting framework the Council's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work noted some disclosure omissions from the Annual Governance Statement and other minor presentational matters. Our review of the Narrative report identified some minor presentational matters. These have been adequately rectified by management. These are reported at Appendix C. We plan to issue an unmodified opinion in this respect as reported at Appendix E</p> <p>Overall, no material inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • if we have applied any of our statutory powers or duties • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness(es). <p>We have nothing to report on these matters. Our Value for Money work is underway and is expected to be completed for the Audit and Governance Committee meeting on 18 January 2023.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out certain procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>The guidance for WGA 2021-22 work has not yet been issued and therefore this work has not yet commenced. The NAO requires the work to be completed once the audit opinion is provided on the financial statements.</p> <p>In 2022, the NAO increased the audit threshold to £2bn expenditure for 2020-21 WGA work, removing the requirement for an audit of the Council's prior year WGA submission. Should the threshold remain in place for 2021-22 WGA work, it is unlikely the Council will require an WGA audit review.</p> <p>We will update the Audit and Governance Committee once the guidance on WGA 21-22 work is published including the completion timetable.</p>
Certification of the closure of the audit	<p>We intend to delay the certification of the closure of the 2021-22 audit of the Council in the audit report, as detailed at Appendix E, until we have completed any required work on the WGA consolidation exercise mentioned above, completed our Value for Money responsibilities with the issue of the Auditor's Annual Report, and received the Statutory Instrument in respect of Infrastructure Assets.</p> <p>This is in common with the vast majority of other local authorities given the later audit deadline for the VFM work and the current lack of instructions for WGA work and anticipated guidance on infrastructure assets.</p>



3. Value for Money arrangements

Approach to Value for Money work for 2021-22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements



3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached at Appendix G to this report. We expect to issue our Auditor's Annual Report by 18 January 2023 for the Audit and Governance Committee January meeting. This would be ahead of the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We identified one possible significant weakness and our work is still ongoing in relation to this risk.

Possible Significant Weakness – Implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley

As reported to you in our Audit Plan in July 2022, our planning and risk assessment work identified one possible significant weakness in the Council's arrangements as a result of the Ofsted and CQC inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley.

Background to this issue:

In September 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Barnsley. This was to assess the effectiveness of the borough in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014. The inspection was led by Ofsted, supported by a team of inspectors from the CQC. The report was issued in November 2021. As a result of the findings and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a Written Statement of Action (WSOA) was required because of significant areas of weakness in the borough's practices and arrangements.

HMCI also determined that the Council and the then Barnsley Clinical Commissioning Group (now within NHS South Yorkshire Integrated Care Board) were jointly responsible for submitting the written statement to Ofsted. In reaching their judgements, inspectors took account of the impact of the Covid-19 pandemic on the SEND arrangements in the borough. More detailed findings of this inspection and the full report can be obtained from Ofsted website.

As a result of these findings from Ofsted and CQC, our view is there is a possible significant weakness in the Council's arrangements for 2021-22 in relation to improving economy, efficiency and effectiveness in Barnsley in implementing special educational needs and /or disabilities (SEND) reforms as set out in the Children's and the Families Act 2014.

We made a key recommendation on this issue in our 2020-21 Auditor's Annual Report (AAR) on the Council's VFM arrangements. We noted that as part of our 2021-22 VFM work we will:

- review the Council's actions against the findings from the Ofsted report and our key recommendation
- review communications between the Council and CQC/Ofsted and other key stakeholders regarding the Council's actions to improve and implement SEND reforms.

Our work in this area is currently ongoing and a summary of our findings will be included in our Auditor's Annual Report in January 2023.

Other areas of focus – DSG deficit

We have not identified any other risks of significant weaknesses to date. We have continued our review of your arrangements, including reviewing your Annual Governance Statement and other key internal and external publications in order to inform our Auditor's Annual Report.

Whilst we have not identified any possible significant weaknesses in arrangements other than described on this page, we are considering, as part of our VFM work, the progress and arrangements in place in actioning the DSG deficit recovery plan where we note the DSG deficit has further increased during 2021-22 by £6.1m from £11.8m to £17.9m.

This work is also ongoing and will be summarised in our Auditor's Annual Report. From a financial statements perspective, the Council has accounted for the DSG deficit reserve appropriately under the CIPFA Code and shows this as an unusable reserve in Note 5 as DSG deficit adjustment account. Under the current regulations in respect of DSG deficits, the Council can account for the deficit as an unusable reserve up to 2024-25 after which time the deficit may become a draw on useable reserves.

Impact on 2021-22 Financial Statement Audit

It is important to note that our VFM risk assessment will continue until we issue our 2021-22 Auditor's Annual Report in January 2023.

We have considered the possible significant weakness on SEND and our other area of focus on the DSG deficit highlighted on this page and how that would impact our ISA(UK) audit of the Council's financial statements for the year ended 31 March 2022.

Our view is these issues have no material impact on our ISA(UK) audit work and therefore would not restrict us on completing the audit of the financial statements and issuing our 2021-22 audit opinion on the Council's accounts.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed at Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see

[Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)



4. Independence and ethics (continued)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The following non-audit services were identified as well as the threats to our independence and associated safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related:			
Certification of Pooling Housing Capital Receipts return	6,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,000 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers Pension Return	7, 500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the materiality of the amounts involved are not significant to our accounts opinion, there is an unlikelihood of material errors arising, and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

4. Independence and ethics (continued)

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Group. The following non-audit services were identified as well as the threats to our independence and associated safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related continued:			
Certification of Housing Benefit Claim	*31,900	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is *£31,900 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self review (because GT provides audit services)	To mitigate against the self review threat, the timing of certification work is done after the audit has completed, materiality of the amounts involved to our opinion and unlikelihood of material errors arising and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Non-audit related:			
None	-	-	-

NOTE on Housing Benefit fee:

* The £31,900 is the base fee for the 2021-22 Housing Benefit Subsidy certification. In addition, for each 40+ HB testing undertaken:

£2,600 – where the initial work is completed by the Council


£5,800 – where the work is fully undertaken by Grant Thornton

These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Governance Committee. None of the services provided are subject to contingent fees.

Appendices

Appendix A. Action Plan – Audit of Financial Statements

We have identified the following recommendations for the Council as a result of issues identified during the course of our financial statement audit. We have agreed our recommendation with management and we will report on progress on this recommendation during the course of the 2022-23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
 Medium Page 183	<p>Long Term Sustainability of the current version of the SAP reporting System:</p> <p>The Council has been using the SAP Reporting System as the main general ledger system for over 15 years. It is understood that the current version of the SAP reporting system has been used for a number of years by the Council.</p> <p>Our Observations:</p> <ul style="list-style-type: none"> During our work performed relating to journal testing we observed an inability to run transaction reports for all ledger codes for the purpose of our journal testing - this has not prevented us from performing our testing as we have been able to gain sufficient assurances of the ledger balance as a whole from alternative procedures. However, such procedures are excessively time consuming for both the auditor and Council staff. Since the SAP system was installed over 15 years ago, the number of transactions and data which are posted to the general ledger has significantly increased. This gives rise to increased data management and security challenges to consider when obtaining the key outputs from the system. The Council's current version of the SAP system does not have cloud-based functionality. This could potentially lead to loss of financial data. The current version of the system, the data is backed up onto physical hardware which may not be a sustainable option in the longer term. This leaves the Council open to potential data loss through physical damage to hardware along with increased funding requirements to maintain required hardware, to keep up with increasing demand in data storage. <p>Whilst we acknowledge the current system is doing what is required, we believe, there are challenges around long term sustainability of the current version of the SAP system that may impact the Council's financial reporting if no action is taken in the medium term.</p>	<p>Recommendation</p> <p>We recommend the Council to consider other options available on financial ledgers including consideration on a more up to date version of the SAP reporting system than the current version of SAP. This could increase efficiencies that can be gained from a general ledger system, would also assist to keep up with the increasing demand on data management and protection.</p> <p>Management response:</p> <p><i>The Council is fully aware of the long term sustainability of the SAP system, specifically the current version used by the Council will no longer be supported by SAP beyond 2025. With this in mind SOCITIM Advisory group have been engaged to review the options available to the Council with regards to the SAP system. A strategic drivers board has been organised and a series of operational workshops are now taking place to review the use and future requirements for the Council. Regular updates will be provided on progress to Cabinet and the Audit and Governance Committee</i></p>

Appendix A- IT general controls assessment findings (pages : 30 -37)

We have identified the following recommendations for the Council as a result of issues identified during the course of our IT Audit. Our IT Auditors have agreed the recommendations with management and we will report on progress on these recommendations during the course of our 2022-23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

SAP – Controls Finding

	Assessment	Issue and risk	Recommendations
1.	High	<p>Users with inappropriate debug access in the production environment</p> <p>Our IT audit procedures identified user accounts that were assigned debug access in the production environment. We identified 21 user accounts with Debug access.</p> <p>Risks</p> <p>Debug access is a well-known authorization object that is deemed as sensitive. Users with this access can bypass authorizations with the debug authorization in production.</p> <p>Unauthorised access to the debugger (“/h”) in SAP, could provide the users the capability of circumventing authorisation checks and allowing access to data or modification of data.</p>	<p>Management should restrict or remove access to the debugger within the production environment of SAP.</p> <p>Management response:</p> <p><i>All user accounts and roles will be reviewed as a result of the findings. Work will be undertaken to identify and remove the role(s) containing the debug authorisation rights.</i></p> <p><i>The 21 user accounts identified are Internal SAP support team users, and external SAP Support team users.</i></p> <p><i>Changes to be implemented by January 2023.</i></p>
2.	Medium	<p>Users with inappropriate access to maintain all SAP Standard or Customised tables in production</p> <p>Our IT audit procedures identified 25 Dialog user accounts that were assigned access to maintain all SAP standard or customised tables via SM30 or SM31.</p> <p>We performed further procedures to determine whether there had been changes to those tables during the audit period and observed that these users had maintained critical tables during the audit period.</p> <p>Risks</p> <p>Access to maintain all standard or customised SAP tables creates a risk that unauthorised table maintenance functions can be performed and result in data integrity issues.</p>	<p>Management should segregate a user’s ability to maintain all the standard or customised SAP tables within production.</p> <p>We recommend that for the users identified, management should consider assigning access to relevant table groups or individuals tables via S_TABU_DIS and S_TABU_NAM authorisation objects rather than assigning the authorisation values to “*”.</p> <p>Management response:</p> <p><i>User accounts and roles with SM30 and SM31 access will be reviewed as a result of the findings. Roles will be amended to either remove the authorisation, or amend table authorisation group restrictions.</i></p> <p><i>Changes to be implemented by March 2023</i></p> <p><i>The Council also has a wider control environment for the full operating system in place to ensure any errors that may in the unlikely event occur when maintaining the SAP tables are noticed and corrected accordingly.</i></p>

IT general controls assessment findings

3.

Assessment	Issue and risk	Recommendations
Medium	<p>Inappropriate segregation of duties as users have ability to configure and delete audit logs in production</p> <p>From our review, we identified 10 users with access to configure security audit logs via SM19.</p> <p>We performed a comparison of all users with the ability to configure audit logs within production via SM19 with those with the ability to re-organise or delete them in production using SM18 and we identified 7 users with both access rights.</p> <p>Risks</p> <p>Users with access to SM19 and SM18 have the ability to configure and delete audit logs on SAP. Hence, inappropriate and anomalous activity may not be detected and resolved in a timely manner.</p>	<p>Management should segregate a user’s ability to maintain all the standard or customised SAP tables within production.</p> <p>We recommend that for the users identified, management should consider assigning access to relevant table groups or individuals tables via S_TABU_DIS and S_TABU_NAM authorisation objects rather than assigning the authorisation values to ‘*’.</p> <p>In addition, users with access to configure and delete security logs should have these access removed.</p> <p>Management response</p> <p><i>User accounts and roles with SM18 and SM19 access will be reviewed and removed as a result of the audit findings.</i></p> <p><i>Changes to be implemented by March 2023.</i></p>

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
4.	Medium	<p>Users with inappropriate access to directly modify SAP roles in production</p> <p>Our audit procedures identified 13 user accounts with access to directly modify roles in production using the PFCG transaction.</p> <p>Risks</p> <p>Access to create and modify roles directly into production creates a risk that inappropriate access within the application or underlying data may be granted without following formal user management procedures.</p>	<p>Management should adopt a consistent process for managing roles within production and consider the following –</p> <ul style="list-style-type: none"> Newly created roles or changes to existing roles should be implemented as transports in all circumstances. Creation of new roles and changes to existing roles should be initially performed in development, tested in quality and imported into production via transport requests. If there are any exceptions to the process, users with the ability to directly implement new roles or perform role modifications should be assigned with Firefighter access with a set validity period based on formal approvals. Roles should be created or modified within each development system and transported to the target systems from development. Central User Administration (CUA) client should be synced with target systems for managing user role assignments. The ability to create or modify roles within CUA client should be restricted. <p>Management response</p> <p><i>Processes are followed for creating/maintaining roles in Dev and transporting them through to the Production system. However to reduce risk we will review and remove change authorisation for PFCG in production held roles.</i></p> <p><i>Changes to be implemented by March 2023</i></p> <p><i>The Council also has a wider control environment for the full operating system in place to ensure any errors that may in the unlikely event occur are noticed and corrected accordingly.</i></p>

IT general controls assessment findings

	Assessment	Issue and risk	Recommendations
5.	Medium	<p>Inadequate production client configuration settings</p> <p>Our IT audit identified that the Global System Change Option (SE06) settings are set to 'Modifiable' within production client. This setting allows direct changes to objects associated with ABAP software components in production.</p> <p>Risks</p> <p>If client settings are not configured to restrict direct changes to repository objects or cross client customizing objects associated with ABAP software components in production there is a risk that there could be unauthorised changes to financially critical production data,</p>	<p>Management should ensure that the parameter 'SE06 – System Change Option' settings are consistently set to 'Non-Modifiable' in production client.</p> <p>Management response</p> <p><i>As a result of the audit findings, Global System Change Option (SE06) will be set to Non-Modifiable for production systems.</i></p> <p><i>Changed to be implemented by March 2023.</i></p>
6.	Low	<p>Segregation of duty conflicts between change developer and implementer roles</p> <p>We performed a comparison of all users with the ability to develop changes in development with those with the ability to create/import transports in production via Standard Transport Management System (STMS). We identified that there are users with both access rights. During the audit, we identified a segregation of duties conflict for 2 users who had SAP Dev SOD access.</p> <p>We performed further audit procedures to determine whether there had been transports during the audit period and noted that the above users had not created and imported transports into production.</p> <p>Risks</p> <p>The combination of access to develop and implement those changes in the production environment creates a risk that inappropriate or unauthorised changes are made to data and/ or programs.</p>	<p>Management should segregate a user's ability to develop and implement changes. Privileged access to the production environment should be revoked from users that are involved in development.</p> <p>If for operational reasons access cannot be fully segregated, alternative options to mitigate the risk could include performing a review of change transport logs. These should be regularly reviewed for appropriateness by an independent individual with evidence retained.</p> <p>Management response</p> <p><i>One of the accounts is of the senior SAP Basis administrator. It was agreed to leave this role with this account due to the small size of the SAP support team. If revoked this would remove this function from anyone in the internal SAP team, and therefore the ability to either create transports or to apply them for others.</i></p> <p><i>The second account is only used by SAP's technical support team. Therefore as above this role will not be revoked from this account.</i></p> <p><i>All transports are also rigorously tested both in development and live by the officers wider than those in the IT team with any issues being highlighted accordingly.</i></p>

IT general controls assessment findings

Capita Academy – Controls Finding

	Assessment	Issue and risk	Recommendations
7.	Medium	<p>Inadequate control over generic privilege database accounts within Capita Academy</p> <p>During our review , we noted that for the following database admin accounts , the password is not changed after each use. Further, user activity is logged and the user can be monitored using the event log but not to the individual level who logged in:</p> <ul style="list-style-type: none">- Academy- Aisdba <p>Risks</p> <p>The use of generic or shared accounts with high-level privileges increases the risk of unauthorised or inappropriate changes to the application or database. Where unauthorised activities are performed, they will not be traceable to an individual.</p>	<p>Management should undertake a review of all user accounts on the database to identify all the generic privileged accounts. For each account identified management should confirm the</p> <ul style="list-style-type: none">- requirement for the account to be active and be assigned privileged access- which users have access- controls in place to safeguard the account from misuse. <p>Where possible, generic privileged accounts should be removed, and individuals should have their own uniquely identifiable user accounts created to ensure accountability for actions performed. Alternately, management should implement suitable controls to limit access and monitor the usage of these accounts (i.e. through increased use of password vault tools / logging and periodic monitoring of the activities performed)</p> <p>Management response</p> <p><i>Since the audit a recent Capita Academy upgrade (October 2022) has increased login auditing. Generic account logon now also captures the specific users domain account information. As a result individual users can now be traced.</i></p>

IT general controls assessment findings

Capita Academy – Controls Finding

Assessment	Issue and risk	Recommendations
8. Low	<p>Lack of review of audit logs in Capita Academy</p> <p>During our review , we noted that audit logs are maintained for Capita Academy, however no monitoring is performed for activities performed for privileged users/failed logins.</p> <p>Risks Without formal and routine reviews of security event logs, inappropriate and anomalous activity (e.g., repeated invalid login attempts, unauthorised transactions) may not be detected in a timely manner. Additionally, unauthorised system configuration and data changes made using privileged accounts will go undetected by management.</p>	<p>Considering the criticality of Academy Capita, management should formally review critical information security events logs for the purpose of detecting inappropriate or anomalous activity through use of generic accounts. This should include:</p> <ul style="list-style-type: none">• login activity;• unauthorized access attempts; and• privileged user activity. <p>These reviews should ideally be performed by knowledgeable individuals who are independent of the day-to-day use or administration of these systems.</p> <p>Management response</p> <p><i>Capita Academy logs are collated, but only reviewed in the case of a security breach. Consideration shall be discussed with Internal Finance and IT teams to review the monitoring of these logs for unauthorised transactions.</i></p> <p><i>As Capita Academy logins use Active Directory Single Sign On, Active Directory logs are of more importance for repeated invalid login attempts. See number 10 (Lack of review of audit logs in Active Directory) for further information.</i></p>

IT general controls assessment findings

Active Directory – Controls Finding

	Assessment	Issue and risk	Recommendations
9.	Low	<p>Weak password configuration settings on Active Directory</p> <p>During our review, the following parameters were not set in line with the password policy/requirements defined by Barnsley MBC for their systems (including Active Directory)</p> <ul style="list-style-type: none"> - Account lockout threshold - Maximum password age <p>Further, the following parameters were not defined/documented in the Active Directory password policy:</p> <ul style="list-style-type: none"> - Minimum password age - Minimum password length audit - Store passwords using reversible encryption - Account lockout duration - Reset account lockout counters after <p>Risks</p> <p>A lack of robust password settings may allow financial information to be compromised by unauthorised users. In particular:</p> <ul style="list-style-type: none"> - Short passwords can easily be guessed. - If password complexity is not configured, users will tend to choose simple, guessable words as their passwords. 	<p>Management should ensure that password settings configured on the [application] are in line with the organisation's password policy.</p> <p>Management response</p> <p><i>Active Directory Password requirements are robust, but do not align to the current policy document. The password policy documentation will be updated to reflect recent minor AD policy changes.</i></p> <p><i>In addition an Active Directory Password review is being undertaken, this is the result of an audit for the Council's PSN accreditation, the work will see password length's increased alongside the introduction of biometrics to unlock devices utilising Windows Hello. These changes are planned to be completed by the end of Q2 2023.</i></p> <p><i>The Council also has a wider financial control environment within place to ensure any errors that may in the unlikely event occur are noticed and corrected accordingly.</i></p>
10.	Low	<p>Lack of review of audit logs in Active Directory</p> <p>During our review , we noted that there is no monitoring of activities performed for privileged users/failed logins during the audit period. Logs are only reviewed once an incident has been highlighted.</p> <p>Risks</p> <p>Without formal and routine reviews of security event logs, inappropriate and anomalous activity (e.g., repeated invalid login attempts, unauthorised transactions) may not be detected in a timely manner. Additionally, unauthorised system configuration and data changes made using privileged accounts will go undetected by management.</p>	<p>Management should formally review critical information security events logs for the purpose of detecting inappropriate or anomalous activity through use of generic accounts. This should include:</p> <ul style="list-style-type: none"> • login activity; • unauthorized access attempts; and • privileged user activity. <p>These reviews should ideally be performed by knowledgeable individuals who are independent of the day-to-day use or administration of these systems.</p> <p>Management response</p> <p><i>The Council is working towards the implementation of a SIEM solution that will monitor Active Directory, server logs, and monitors for correlations of misuse. The solution is based on a NCSC tool named LME, planned to be implemented by Q1 2023.</i></p>

Controls for which assurance could not be provided

Active Directory – Controls Findings

11.

Medium

Access to any application (in line with the starters, movers & leavers roles and responsibilities) is requested and approved by the line manager (or equivalent person) before being granted by someone from IT

For leavers, requests to revoke access to any in scope application is initiated by HR and / or their line manager ahead of the actual leave date and access revoked in a timely manner

Reason / Justification

We were unable to test new starter, mover & leaver access as there was no information provided regarding the access provision for Active Directory

Management Response

Specific audit information was unavailable for the required audit period. Improvements to retention and archiving data are being addressed during a major upgrade to our Service Manager software to be completed end of March 2023.

The Starters / Movers / Leavers process is also currently under review. Options are being reviewed to further integrate with the Council’s HR system, including making sure that temporary staff or contractors are included within the HR system. The council has existing processes whereby permanent staff that are leavers the HR system notifies the service desk who remove the relevant permissions, this does not cover long term sickness or maternity or contract workers that are not currently logged within the HR system.

It is also worth highlighting that upon leaving the organisation the individual is required to return all IT equipment meaning they are not able to access the council’s systems.

Appendix B: Progress against prior year audit recommendations

We identified the following issues in our 2020-21 audit of the Council's financial statements, which resulted in seven recommendations being reported in our 2020-21 Audit Findings (ISA260) Report. The Council has provided an update against the issues and these are noted below.

Assessment	Issue and risk previously communicated	Recommendations
Medium (Now Completed)	<p>(1) Critical judgements (Technical Annex B), financial statements:</p> <p>Disclosures should be of the specific judgements that have been made by the Council and the impact of those judgements on the accounts. They should not simply be reiterations of accounting policies. The current disclosures refer briefly to a number of broad areas but do not indicate the specific judgements made, the outcome of those judgements or the impact on the accounts. These should be enhanced for greater Code compliance and for the benefit of readers of the accounts.</p>	<p>Revisit the critical judgements disclosure for 2021-22 and ensure only items which are critical are included in line with accounting principles (IAS1), and to ensure that the precise judgment involved is described.</p> <p>Management response (November 2021):</p> <p>Management accepts the issue and will review the requirements of the Code in 2021-22 with a view to implement a more robust disclosure.</p> <p>Management response (July 2022): Management have reviewed the note alongside the Code of Practice. The note has now been amended to reflect specific Council judgements. For example, the Council's judgement to produce group accounts and the judgements involved with Berneslai Homes / Penistone Grammar Trust etc.</p> <p>GT – November 2022: Our 2021-22 audit work highlighted this note has been amended and improved in 2021-22 financial statements . As indicated at Appendix C, we made another recommendation to further enhance this note in line with relevant accounting principles. Management has actioned this recommendation. Therefore we consider this recommendation is now completed.</p>
Medium (Now Completed)	<p>(2) Estimation uncertainty (Technical Annex B), financial statements:</p> <p>Disclosures should include the carrying value of the related assets / liabilities and disclose sensitivity analysis and/or the range of possible outcomes.</p>	<p>Revisit the estimation uncertainties disclosures for 2021-22 and ensure they comply with the accounting principles (IAS1). The Council accounts should disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, this note shall include details of:</p> <p>(a) their nature, and</p> <p>(b) their carrying amount as at the end of the reporting period.</p> <p>This is what needs to be disclosed as relevant to comply with accounting principles.</p> <p>Management response (November 2021):</p> <p>Management accepts the issue and will review the requirements of the Code in 2021-22 with a view to implement a more robust disclosure.</p> <p>Management response (July 2022):</p> <p>Management have reviewed the note alongside the Code of Practice. The note has now been amended to provide quantification of the potential impact on the accounts, should estimates have been different. E.g. if asset lives had been one year less, the additional depreciation charge would have been £2.3M higher.</p> <p>GT – November 2022: Our 2021-22 audit work highlighted this note has been amended and improved in 2021-22 financial statements . As indicated at Appendix C, we made another recommendation to further improve this note in line with relevant accounting principles. Management has actioned this recommendation. Therefore we consider this recommendation is now completed.</p>

Appendix B: Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Recommendations
High (Now completed)	<p>(3) £1.4m bank mandate fraud after the year end:</p> <p>Please refer to page 13 of this report for a summary of the issue. Whilst this is not a material fraud, prevention and detection of fraud and taking appropriate actions is a key responsibility of management of any organisation. The biggest risk is, financial statements to be materially wrong due to fraud. We recognise it is not the case here as noted on page 13 of this report</p>	<p>We understand that internal audit has completed a detailed review of the incident and has also performed a wider review of the accounts payable team and processes. The findings from these reviews should be reported and any recommendations followed up promptly.</p> <p>The Council should have proactive mechanisms of fraud awareness training to relevant colleagues summarising the issues which resulted in this fraud – as a reminder to all Council staff to be alert to such schemes in order to reduce the chances of another fraud of this nature taking place again.</p> <p>Management response (November 2021)</p> <p>The detailed Internal Audit work into the wider accounts payable process and function was issued to management on 16 September 2021. A full follow-up audit will be undertaken in March 2022 the results of which will be reported to the Audit & Governance Committee. The Committee will receive a specific report on this matter at its meeting on 17 November 2021.</p> <p>The Council has undertaken a number of ‘phishing’ training exercises and issued communication regarding the risk of fraud perpetuated this way. All Finance staff attended sessions led by the Service Director – Finance and the Head of Internal Audit, Anti-Fraud and Assurance in July to remind staff of the need for diligence in the processing of transactions. All Accounts Payable staff and other finance staff in transactional areas received fraud awareness training in late June / early July. A programme of general and specific fraud awareness training will be developed for all Council employees relevant to their roles. A fraud awareness’ course is available on the Council eLearning system which is mandatory for all new employees. The fraud risk assessment undertaken by all Business Units will also be updated for completion in January / February 2022.</p> <p>Management response (July 2022):</p> <p><i>Internal Audit has continued to provide advice, support and challenge to the Accounts Payable team in relation to the implementation of the agreed management actions arising from the Internal Audit review undertaken (final report issued in September 2021). The majority of actions have (as at 30th June 2022) been implemented and there is a clearly defined action plan with responsible officers and implementation dates recorded to proactively manage the implementation of the remaining actions, which relate in the main to the development of revised responsibilities and processes following the Finance BU re-structure in June 2022.</i></p> <p><i>All recommendations relating to key controls have been implemented.</i></p> <p><i>A compliance review is scheduled to be undertaken during 2022-23 and this is currently being scoped in consultation with the Head of Finance and Service Director. A further targeted phishing exercise was also undertaken in December 2021. All Operational Finance staff ‘passed’ that test, highlighting a high level of awareness of the phishing threat.</i></p> <p>Management response (November 2022): <i>Internal Audit continue to work closely with the AP Team to monitor implementation of the agreed management actions. Two remain in progress being longer-term actions with implementation dates by December 2022. All actions relating to the key controls have been implemented. A full compliance audit of the accounts payable system is scheduled for early 2023 and will be reported to the Audit and Governance Committee in due course.</i></p> <p>GT November 2022: Now completed</p>

Assessment	Issue and risk previously communicated	Recommendations
<p>Medium (On going)</p>	<p>(4) DSG deficit:</p> <p>Our work indicated that regular Cabinet reporting around the DSG deficit is taking place. This is a good governance process which supports informed decision making. However, we have not seen any DSG deficit related reports going to the Audit Committee.</p>	<p>The Audit Committee provides scrutiny on the Council's governance, risks and financial arrangements.</p> <p>As a good governance practice, the Council should consider reporting the actions and outcomes on the DSG deficit reduction plans to the Audit Committee on a timely and regular basis going forward.</p> <p>Management response (November 2021)</p> <p>The Council is currently updating the Plan to reflect changes in costs and funding assumptions following the Government's announcement on schools funding on 27 October 2021. The proposed actions to bring spend to a sustainable level will also be reviewed in light of latest discussion with schools and partners.</p> <p>The updated DSG Management Plan will be submitted by 19 November 2021 (deadline date for approval of high needs funding transfer request by the Council).</p> <p>The Council will be reporting performance against the DSG Management Plan through its governance process i.e. SEND Oversight Board, Senior Management Team, Cabinet as well as the Audit Committee going forward.</p> <p>Management response (July 2022)</p> <p>On 12 July 2022, the DFE wrote to the Chief Executive / S151 Officer to formerly invite the Council to participate in the DFE's 'Safety Valve programme'. In essence this requires the Council to produce substantial plans for reform to their high needs systems that demonstrate sustainable and effective solution for Children, Young People & Families [including proposals for reaching an in-year financial balance as quickly as possible]. Formal dialogue will take place with the DFE later in the year to test out the robustness of the Council's plans and to measure the progress made in delivering against those.</p> <p>Management response (November 2022) :</p> <p><i>The Council is in active dialogue with the DFE in respect of the Safety Valve Programme. A series of meetings are planned for autumn / winter 2022 to discuss and agree a way forwards with the current DSG deficit. It is anticipated that a resolution will be agreed by 1st April 2023 for the forthcoming financial year.</i></p>
<p>Medium (On going)</p>	<p>(5) Land and Buildings Valuation date:</p> <p>Our work on land and building valuations indicates that the reported valuation date remains at 1 April (12 months from the year end date). This results in a lot of audit challenge from us, and a lot of work for the Council's finance team and its valuer, to justify that the valuation of assets on 1 April remain materially accurate as at 31 March.</p> <p>The Council has moved the valuation date of its council dwellings to 31 March and a number of our other local authority audit clients have moved all their valuation dates to 31 March, or much closer to the balance sheet date.</p> <p>We understand from discussions with management that the valuation date for land and buildings could be moved closer to 31 March, which should enable a more efficient valuation process and audit approach going forward.</p>	<p>The Council should consider moving its valuation date for land and buildings closer to the balance sheet date of 31 March.</p> <p>Management response (November 2021)</p> <p>Management appreciates the Auditor's point in terms of audit challenge in terms of land and buildings valuations. Management will review the arrangements for the 2021-22 accounts considering all of the relevant practicalities of the valuation process.</p> <p>Management response (July 2022):</p> <p>Early during the process for the 2021-22 accounts, discussions took place between finance and estates colleagues with a view of bringing the effective valuation date closer to year end. It was agreed that the most practical date would be 30 September, which allows enough time for the surveyors to undertake the significant level of physical asset valuations that are required, in order for the Council to meet its statutory obligations.</p> <p>Also, as in previous years, the valuation team will continue to sense check significantly valued assets as at 31 March to ensure that they are not materially different to their 30 September valuation.</p> <p>GT Comment (November 2022): The Council should further consider this and check the practicalities of moving this closer to 31 December as number of our clients have moved this to 31 December or 31 March valuation dates.</p> <p>Management Comments (November 2022): <i>The Council will explore the possibility of further progressing the valuation date to closer to the financial year end, whilst considering the practical implications for the Council's internal valuers and their workloads</i></p>

Appendix B: Progress against prior year IT recommendations

Assessment	Issue and risk previously communicated	Recommendations
Medium On going	<p>(6) SAP General Control assessment findings - Inappropriate access to transactions SM36 and SM37</p> <p>During our IT audit, we observed a number of user accounts with access to manage batch and background jobs for all users (via SAP t-codes SM36 / SM37 and the S_BTCH_ADM SAP authorisation object). Specifically, the following was noted:</p> <ul style="list-style-type: none"> view batch jobs: 48 users create / amend batch jobs: 48 users <p>The users' access is restricted (via the S_BTCH_JOB SAP authorisation object) to a subset of administrator actions that cannot release or modify other users' jobs. However, the accounts can delete jobs for other SAP users including system accounts.</p> <p>Of the 48 users, 38 were classed as "Standard" users which means they work within the Council service departments, (ie not in IT or Technical). We were unable to fully identify the roles of the 38 "Standard" users with access to SM36 and SM37. We understand that some of the users work in financial services, creating a Segregation of Duties issue.</p> <p>This finding was previously reported in our 2018-19 and 2019-20 IT review. However, we are pleased to note the numbers of users with this access has decreased from 3150 to 38 in that period.</p> <p>Risk</p> <p>Access to this functionality within SAP gives users the ability to delete batch jobs owned and configured by other users. Where this ability is not appropriately restricted a risk is created that batches may not consistently run per design and that functions, including updating and processing data, may therefore not operate leading to a risk to underlying data integrity.</p>	<p>Management should review access assigned to these users to ensure that batch management utilities are restricted to appropriate users and based on job role requirements. Specific review should occur to all users assigned access to delete other users' batch jobs given the risk created that this could be used to circumvent other access controls and have an impact on data integrity.</p> <p>Management response: (November 2021)</p> <p>This is still an outstanding action and a full review of the remaining users requires further collaboration work with IT & Finance to understand the roles and needs. Once established, further controls can be placed to reduce the numbers where possible.</p> <p>Management response: (November 2022)</p> <p><i>When locked accounts and both internal and external system administrators are removed, the number of users with access has reduced again to 31. Work is ongoing to ascertain the impact on individual users of removing these transactions from individual roles, as impacts are potentially extensive and will prevent jobs being carried out. The small number of users and other controls within the system give management assurance that the ongoing risk is low</i></p>

Appendix B: Progress against prior year IT recommendations

Assessment	Issue and risk previously communicated	Recommendations
Medium (Now completed)	<p>(7) Cyber Security assessment findings - The Payment Card Industry Data Security Standard (PCI-DSS) Certification was not in place during the period of the Audit.</p> <p>In order to provide assurance that certain standards of cybersecurity are in place for processing of payment cards, the organisation applies for a Data Card Industry Data Security Standard Certification. For the period of the audit, no certification was in place, without this certification, many card providers may charge a higher fee or refuse to process card transactions for the organisation.</p> <p>A successful PCI-DSS application was submitted following the year end and a certification obtained during September 2021.</p> <p>Risk:</p> <p>Where independent certification to confirm standards and certain controls are in place, are not met, there is a risk that the control environment is not effective and could lead to serious breaches of personal data and card details.</p>	<p>It is recommended that the Council ensures that all relevant certifications are in place and legislation is complied with. A breach of the PCI-DSS resulting in a period of non-certification could result in:</p> <ul style="list-style-type: none"> the Council not being able to take payments by card increased fees being charged a loss of protection for BMBC and the customers when taking payments finances card replacement costs costly forensic audits brand damage, etc., should a breach event occur a breach of data loss of sensitive data. <p>Management response (November 2021)</p> <p>Since the period of the IT audit, the Council has achieved a successful PCI-DSS certificate. Moving forwards, the Council will ensure that this certificate is achieved to mitigate this risk.</p>

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves
No adjusted misstatements impacting CIES and SoFP noted to date.	-	-	-
Overall impact	-	-	-

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Page 197

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
1.	Disclosure	Prior Period Adjustment (PPA): As indicted on page 13, Barnsley Metrodome was incorrectly reported as a lease when it was always owned by the Council. Considering this is a material error, under relevant accounting standards (IAS 8), this requires a PPA disclosure. The disclosure amount corrected in 31 March 2021 column was £20,828k. This has no impact to opening reserves as indicated on page 13. This note was restated and additional disclosures added in line with IAS8 accounting principles.	Note 25, page 78	✓
2.	Disclosure	This note indicated the Council leases out a number of properties to Community organisations, Public Bodies and Housing Associations for an ongoing rental. Included within these leases are a number of properties that are classified as Investment Properties on the Council's Balance Sheet. This statement is incorrect and needs to be amended and also inconsistent with note 20, Investment Properties. The Council has no investment properties (as indicated in note 20) under the Code and IAS40 definitions. This note was corrected and removed the fact that there are investment properties.	Note 25, page 80	✓
3.	Disclosure	Covid -19 General Grants are £8,215K and Section 31 Grant £15,555k. The disclosure of these were originally the other way. This has been updated in the revised accounts.	Note 15, page 63	✓
4.	Disclosure	Our review of the draft Annual Governance Statement (AGS) and Narrative Report highlighted some disclosure misstatements and compliance with the relevant guidance. These have now been updated in the final versions of the AGS and the Narrative Report.	AGS (separate document) and Narrative Report (included with the SoA)	✓

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

No.	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
5.	Disclosure	A number of 2020-21 comparative columns indicate 'restated'. This is not correct as the numbers are the same as 2020-21 audited statement of accounts and there were no restatement of these numbers. The reference to restated has been removed in the revised accounts.	CIES, pages 30 and 31	✓
6.	Disclosure	On 2020-21 comparatives: There is a £2,058K difference between Total Reserves in the Audited Accounts which was £134,912K and Total Reserves reported £136,970k. This is in relation to Berneslai Homes net pension liability net adjustment taking into account March 2021 year end instead of December 2020. This is also reported in our 2020-21 Audit Finding Report and clearly immaterial. We requested management to include a narrative note to clearly highlight in the group accounts sections to explain this difference.	Group Balance Sheet page 113	✓
7.	Disclosure	Other Land and Buildings Impairment increase of £79,106k (from £28,541k to £107,647k). This is considered a significant change from last year and very material. For transparency purposes for the reader to understand this difference, we recommended management adds a narrative note underneath note 59, as to why this has increased - which is mainly due to Glassworks site coming into use after completion. This has now been added in the revised accounts.	Page 59, note 10, Impairment, revaluation losses	✓
8.	Disclosure	Audit fees paid to Grant Thornton was updated to reflect the 2021-22 grant certification fees in line with Appendix D of this report	Note 14, Audit Fees	✓
9.	Disclosure	(a) Group Accounts: it says where the Council is judged to hold effective control, those entities are included in the Council's group boundary. This is not technically correct as materiality is a consideration. This note has been updated to capture that. (b) Schools - it is not clear from the narrative what is the critical judgement. Both (a) and (b) were updated to correct theses in the revised accounts.	Critical Judgements in Applying Accounting Policies, Page 139, Technical Annex B	✓
10.	Disclosure	Under IAS1, The Council's accounts should disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, this note shall include details of: (a) their nature, and (b) their carrying amount as at the end of the reporting period. The draft accounts included two disclosures that were not material or just material in this note. Those were provisions and provisions for bad debt. These two estimates would not result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as required by IAS1. We recommended management should consider removing these two disclosures from this note to comply with IAS1. In the revised accounts, both provisions and provisions were bad debts were removed from this note.	Key Assumptions made about the future and other major sources of estimation uncertainty, page 140, Technical Annex B	✓
11.	Disclosure	The accounting policy note did not include a policy on Community Assets under Property Plant and Equipment. Further to our discussions, the accounting policy was updated to reflect this	Accounting Policies, page 124 - 138	✓
12.	Disclosures	Other minor presentational adjustments were made throughout the financial statements on various pages to further improve disclosures.	Various	✓

C. Audit Adjustments

Impact of prior year unadjusted misstatements 2020-21

The table below provides detail of adjustments identified during the 2020-21 audit which were not been made within the final set of financial statements due to their immaterial nature. We can confirm that these have been accounted for/adjusted in 2021-22 financial statements. There is no impact of this to 2021-22 audit and the audit approach. See updated below in the right hand column.

Detail	Comprehensive Income and Expenditure Statement £000	Statement of Financial Position £000	Impact on useable reserves £000	Reason for not adjusting in 2020-21	Update in 2021-22
Incorrect treatment of a supplier invoice:	N/A	735	N/A	Management does not consider this amount to be material to the Council's accounts.	Incorporated /adjusted in 2021-22 accounts. No impact to our audit approach and materiality determination in 2021-22.
PPE - Assets Under Construction to be reduced					
Short Term Creditors to be reduced	N/A	735	N/A		
Incorrectly recording a supplier invoice regarding the Glassworks construction by £735K. The recorded value was £735k more than the actual invoice value. However, it should be noted that actual payment was made to the correct invoice value					
Incorrect additional depreciation charge on HRA assets:	1,301	1,301	None – reserved out in the MIRS	Management does not consider this amount to be material to the Council's accounts.	Incorporated /adjusted in 2021-22 accounts. No impact to our audit approach and materiality determination in 2021-22.
This reflects the additional depreciation incorrectly charged on council dwellings. There is no impact on the Council's useable reserves arising from this as depreciation is 'reversed out' before hitting the General Fund.					
Group Pension Fund Liability – this only impacts the Group Accounts]	See detail section	See detail section	None – reserved out in the Group MIRS	Management does not consider this amount to be material to the Council's accounts	Incorporated /adjusted in 2021-22 group accounts. No impact to our audit approach and materiality determination in 2021-22.
Reduce Group Pensions Liability by £2,059k and the Group Pension Reserve by £2,059k.					
	£1,301	£1,301	£Nil		

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee per Audit Plan July 2022	Final fee
Council Audit	£180,468	£180,468
Total audit fees (excluding VAT)	£180,468	£180,468

Non-audit 'audit related' fees for other services:	Proposed fee	Final fee
Certification of Pooling Housing Capital Receipts return	£6,000	£6,000
Certification of Teachers Pension Return	£7,500	£7,500
Certification of Housing Benefit Claim	£31,900	see note below
Total non-audit fees (excluding VAT)	£45,400	£45,400*

The fees reconcile to the revised version of the financial statements following an amendment to the draft accounts in Note 14 - External Audit Costs.

Note on Housing Benefit fee:

* The £31,900 proposed above is the base fee for the 2021-22 Housing Benefit Subsidy certification. In addition, for each 40+ HB testing undertaken:

£2,600 – where the initial work is completed by the Council

£5,800 – where the work is fully undertaken by Grant Thornton

E. Audit opinion – update

We anticipate we will provide the group and Council with an unmodified ‘clean’ audit report – see below

The Statutory Instrument is expected to resolve the infrastructure accounting issue across the sector (see pages 1 and 13) and should all other aspects of the audit be concluded appropriately, we would expect to issue a clean (unqualified) audit opinion at that time.

F. Management Letter of Representation (draft)

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
No 1 Whitehall Riverside
Leeds LS1 4BN

16 November 2022

Dear Sirs

Barnsley Metropolitan Borough Council
Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Barnsley Metropolitan Borough Council and its subsidiary undertakings, Berneslai Homes Limited and Penistone Grammar Trust for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law

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

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

F. Management Letter of Representation (draft)

Page 203

vi We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii Except as disclosed in the group and Council financial statements:

- a. there are no unrecorded liabilities, actual or contingent
- b. none of the assets of the [group and]Council has been assigned, pledged or mortgaged
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

xi We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Council and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xii Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xiii We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiv The prior period disclosure adjustment disclosed in Note 25 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xv We confirm that the Life Cycle Account and the balances held in this bank account as at 31 March 2022 is not controlled or owned by the Council and therefore not included in the financial statements as at 31 March 2022.

xvi We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

- a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
- b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

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

F. Management Letter of Representation (draft)

xvii We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvii The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

xix We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.

xx We have communicated to you all deficiencies in internal control of which management is aware.

xxi All transactions have been recorded in the accounting records and are reflected in the financial statements.

xxii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxiii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements

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

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

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

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

xxviii *Any other matters that the auditor may consider appropriate – TBC before issuing the audit opinion*

F. Management Letter of Representation (draft)

Page 205

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Council's Audit and Governance Committee at its meeting on 16 November and fully approved and signed off by the relevant members at the full Council meeting on 24 November 2022.

Yours faithfully

Name..... Name

Position..... Position

Date..... Date

Signed on behalf of the Council

G. Audit letter in respect of delayed VFM work

Councillor Phillip Loftis
Chair of Audit and Governance Committee
Barnsley Metropolitan Borough Council
PO Box 634
Barnsley
S70 9GG

Grant Thornton UK LLP
Whitehall Riverside
Leeds
LS1 4BN
T +44 (0)113 245 5514

16 November 2022

Dear Cllr Loftis,

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, as in the prior year, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected.

The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many opinions on the financial statements as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 18 January 2023 to coincide with the January meeting of the Audit and Risk Committee.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Gareth

Gareth Mills
Key Audit Partner and Engagement Lead for Barnsley Metropolitan Borough Council



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