

# Public Document Pack



<b>MEETING:</b>	Special Audit and Governance Committee
<b>DATE:</b>	Thursday, 25 June 2020
<b>TIME:</b>	4.00 pm
<b>VENUE:</b>	THIS MEETING WILL BE HELD VIRTUALLY

## AGENDA

1. Declarations of Pecuniary and Non-Pecuniary Interest

### Items for Discussion/Decision

2. Draft 2019/20 Statement of Accounts (*Pages 3 - 182*)

The Service Director Finance will submit a report presenting the 2019/20 Statement of Accounts, the Council's tenth set of accounts prepared in accordance with International Financial Reporting Standards.

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

Councillors Richardson (Chair), Barnard, P. Birkinshaw and Lofts; together with Independent members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

Chief Executive

All Executive Directors

Shokat Lal, Executive Director Core Services

Rob Winter, Head of Internal Audit

Neil Copley, Service Director Finance (Section 151 Officer)

Ian Rooth, Head of Financial Services

Michael Potter, Service Director Business Improvement and Communications

Louise Booth, Audit Manager

Council Governance Unit – 3 copies

Please contact William Ward on email [governance@barnsley.gov.uk](mailto:governance@barnsley.gov.uk)

Wednesday, 17 June 2020

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# Item 2

## Report of the Service Director Finance

**Audit & Governance Committee: 25<sup>th</sup> June 2020**

### **DRAFT 2019/20 STATEMENT OF ACCOUNTS**

#### 1. Purpose of Report

1.1 This report presents the 2019/20 Statement of Accounts, the Council's tenth set of accounts prepared in accordance with International Financial Reporting Standards.

#### 2. Recommendation

2.1 It is recommended that:

- **The Audit Committee considers and comments on the work that has taken place to prepare the Council's draft 2019/20 Statement of Accounts.**

#### 3. Introduction / Background

3.1 In previous 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 31<sup>st</sup> May.

3.2 Given the exceptional circumstances that the Council is working through in respect of the COVID-19 pandemic, the Government has given authorities special dispensation for the 2019/20 accounts process via the passing of The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 in April 2020.

3.3 The main feature of these regulations is that it gives flexibility and discretion to authorities in respect of when they lodge their accounts with their auditors, with the latest date being the end of August 2020. The Council decided, in conjunction with its auditors, that it is to submit its draft financial statements by the end of June 2020, an extension of one calendar month in comparison to the 2018/19 process.

3.4 Members of the Committee will be aware that the External Auditors for 2019/20 are Grant Thornton.

3.5 Members of the Committee should also note that the Council expects to meet all of its statutory obligations with the draft accounts scheduled to be submitted to Grant Thornton on the 30<sup>th</sup> June 2020. It should also be noted that the Accounts and Audit Regulations 2015 do not require those charged with governance (the Council) to approve the draft accounts prior to this 30<sup>th</sup> June 2020 deadline. This is primarily to allow the Council's officers additional time to prepare the accounts under the more complex and time consuming International Financial Reporting Standards (IFRS) and to place public bodies on a similar reporting footing with the private sector.

3.6 Members should also note that the External Auditor also has flexibility and discretion on the date to conclude their audit and to issue their report to Audit

Committee and full Council, with the above regulations setting out a date no later than 30<sup>th</sup> November 2020. The Council has been in regular liaison with Grant Thornton throughout the pandemic and has agreed an aspirational target date of 30<sup>th</sup> September 2020 for the final ISA 260 report and opinion, which represents an additional one calendar month to undertake the audit process, compared to the 2018/19 audit process. The Council's finance staff will work closely with the auditors to achieve this date.

- 3.7 To assist Members of the Committee, attached at Appendix 2 is a set of explanatory notes and a summary of the core financial statements contained within the statement of accounts. The purpose of this document is to inform Members of the intrinsic links between the management accounts submitted to Cabinet and the financial accounts presented today, outlining the key differences between the two sets of accounts, one being produced on a funding basis (Management Accounts) i.e. what can be legally charged to the Council Tax payer, and the other being produced on an accounting basis (Financial Accounts) i.e. as required by the statutory Code of Practice.
- 3.8 To further assist Members of the Committee, attached at Appendix 3 is a CIPFA publication "Understanding Local Authority Financial Statements". This publication is designed to give an overall analysis of what the main statements within the Accounts mean, from the perspective of Members.

#### 4. Current Position

- 4.1 A set of the Council's 2019/20 draft Statement of Accounts are attached at Appendix 1. This document presents the Authority's financial statements in the format required by CIPFA's Code of Practice on Local Authority Accounting 2018/19 (the 'Code'), the Accounts and Audit Regulations 2015 and the Audit Commission Act 1998.
- 4.2 As previously stated, the format of the information is prescribed and based on International Financial Reporting Standards as interpreted by the 'Code' which allows, in the main, comparison to other local authorities and other bodies. Separate revenue and capital final accounts reports detailing the 2019/20 outturn for each Directorate and the overall implications of those positions have been considered by the Council's Cabinet on the 10<sup>th</sup> June 2020. These reports can also be made available to members of the Audit Committee if required.
- 4.3 The annual audit of the accounts is due to commence in early July 2020. On conclusion of the audit, the External Auditor will issue a formal report, the ISA 260 and the opinion on the accounts. No major amendments to the accounts are anticipated, however, if any significant amendments are required then these will be presented to the Audit Committee and the full Council in a separate report at a later date.

#### 5. Options

- 5.1 The Council has a statutory obligation to submit the draft 2019/20 Statement of Accounts to the External Auditor by 30<sup>th</sup> August 2020. Failure to do so could result in an audit qualification and consequential reputational damage. This requirement was duly met.

#### 6. Consultations

- 6.1 The Statement of Accounts have been prepared in conjunction with all Executive Directors and Financial Services support staff. External Audit has been kept informed of progress throughout the accounts closure process.
7. Local Area Implications / Compatibility with European Convention on Human Rights / Reduction of Crime and Disorder / Risk Assessment
- 7.1 No direct implications.
8. Proposal
- 8.1 That the Service Director Finance (the Council's S151 Officer) submits the draft 2019/20 Statement of Accounts (Appendix 1) to the Audit Committee meeting of the 24<sup>th</sup> June 2020 for consideration and comment.
9. Financial Implications
- 9.1 The Authority's statutory draft financial statements for the financial year 2019/20 are attached at Appendix 1 to this report. For the benefit of Members, this includes on pages 4 through 32, a Narrative Report which introduces the Council and contextualises the financial statements in the economic environment that the Council operates in. It outlines the Council's corporate objectives together with the corporate vision and values.
- 9.2 Furthermore, the requirements state that key performance of the Council must also be presented, from both an internal and external perspective, covering a range of themes such as performance management, treasury management, risk management and the future economic outlook. Though not a formal requirement, the narrative report also explains the relationship between the Authority's management accounts and the financial statements contained within the Statement of Accounts.
- 9.3 The Narrative Report also provides a brief description of the purpose of the main statements within the accounts, including the Movement in Reserves Statement, the Comprehensive Income & Expenditure Statement and the Balance Sheet.
- 9.4 In considering the draft statements, the Audit Committee's attention is drawn to the issues outlined in paragraphs 9.5 to 9.10 below.
- 9.5 The Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2019/20 (the 'Code') prescribes the accounting treatment and disclosures for all transactions of a local authority. The 'Code' is refreshed annually as accounting standards evolve.
- 9.7 The 'Code' also sets out the accounting concepts and principles that underpin the Statement of Accounts with the overriding requirement that the accounts provide a true and fair view of the financial position and transactions of the Authority.
- 9.8 There have not been any significant changes to the accounting requirements in respect of the 2019/20 'Code'.
10. Employee Implications

10.1 No direct implications.

11. Glossary

11.1 CIPFA - Chartered Institute of Public Finance and Accountancy

12. List of Appendices

12.1 Appendix 1 - Draft Statement of Accounts 2019/20

Appendix 2 – Summary Accounts & Explanatory Notes 2019/20

Appendix 3 – CIPFA's Understanding Local Government Financial Statements

13. Background Papers

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

**Contact Officer: Neil Copley Telephone: 773237 Date: 16/06/2020**

**BARNSLEY MBC**

**DRAFT STATEMENT  
OF  
ACCOUNTS**

**2019/20**



# STATEMENT OF ACCOUNTS 2019/20

## 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 2019/20 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 2020](#)
- [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](#)
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### **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](#)
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### **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 - INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARNSELY  
METROPOLITAN BOROUGH COUNCIL**

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# **Barnsley Metropolitan Borough Council**

## **2019/20 Narrative Report**

## Introduction and Contents

This narrative report aims to outline the Council's performance for the 2019/20 financial year in context with the financial information contained within this Statement of Accounts.

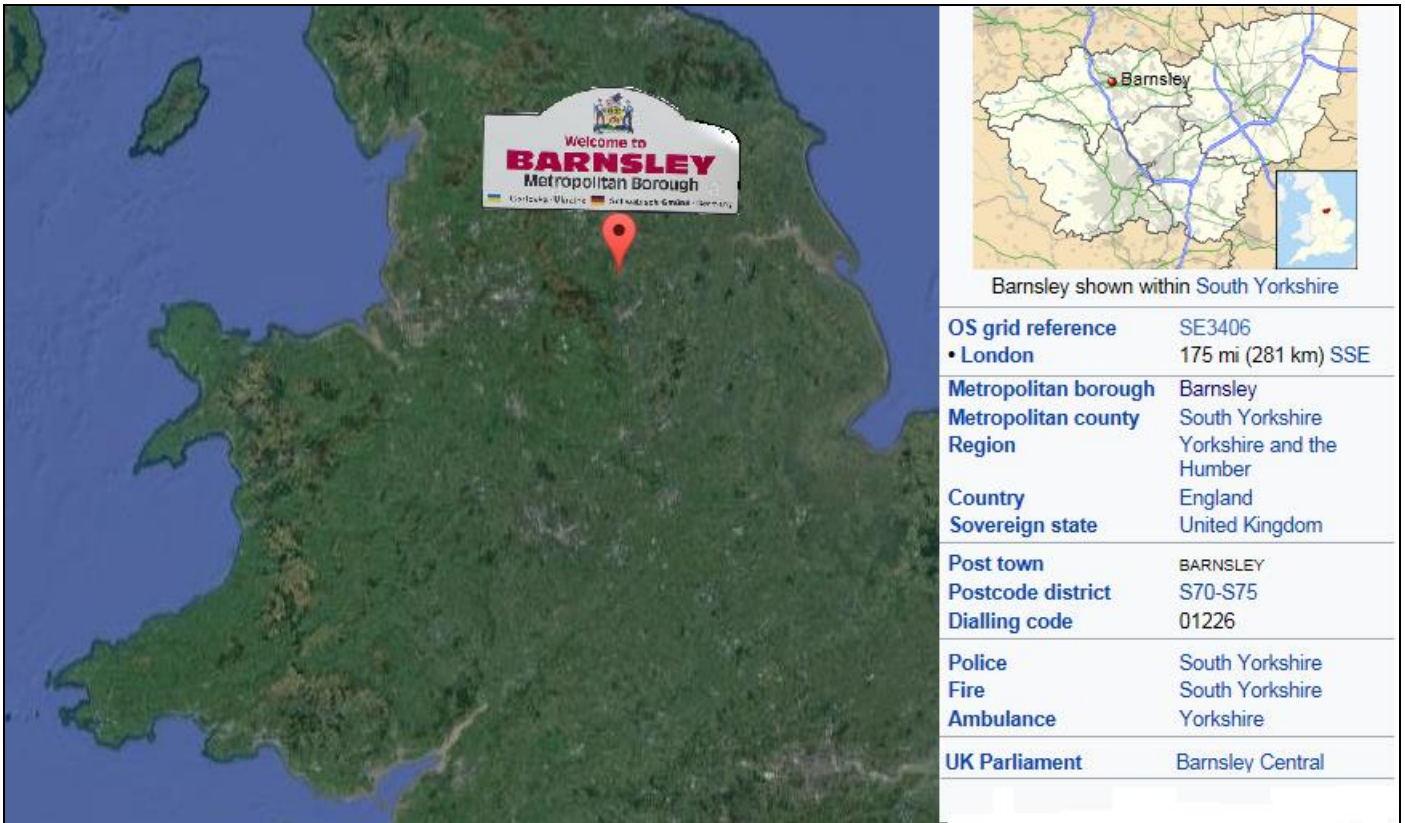
The report will cover:

<b>Introduction &amp; Contents</b>
<b>Introducing Barnsley:</b>
<a href="#">Where is Barnsley?</a>
<a href="#">What is Barnsley's Profile?</a>
<a href="#">Interactive Maps of the Borough</a>
<b>Introducing Barnsley Metropolitan Borough Council:</b>
<a href="#">Who Are We</a>
<a href="#">Our Corporate Plan</a>
<a href="#">Our Vision</a>
<a href="#">Our Values</a>
<a href="#">Our Priorities</a>
<a href="#">Our Approach</a>
<b>Our 2019/20 Corporate Performance:</b>
<a href="#">2019/20 Revenue Budget Monitoring Overview</a>
<a href="#">2019/20 Capital Programme Monitoring Overview</a>
<a href="#">2019/20 Performance Management Overview</a>
<a href="#">2019/20 Treasury Management Overview</a>
<b>Our 2019/20 Balance Sheet:</b>
<a href="#">Summary of the Council's Borrowing Position as at 31st March 2020</a>
<a href="#">Summary of the Council's Pension Liabilities as at 31st March 2020</a>
<a href="#">Summary of the Council's Key Provisions as at 31st March 2020</a>
<b><a href="#">The Council's Approach to Risk Management</a></b>
<b><a href="#">Future Spending Plans &amp; Assessment of the Future Economic Climate</a></b>
<b><a href="#">The Impact of the Coronavirus (COVID-19) Pandemic</a></b>
<b>Our 2019/20 Statement of Accounts:</b>
<a href="#">The Form of the Statement of Accounts</a>
<a href="#">Change of Accounting Policies in 2019/20</a>
<a href="#">Post Balance Sheet Events</a>

# 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.



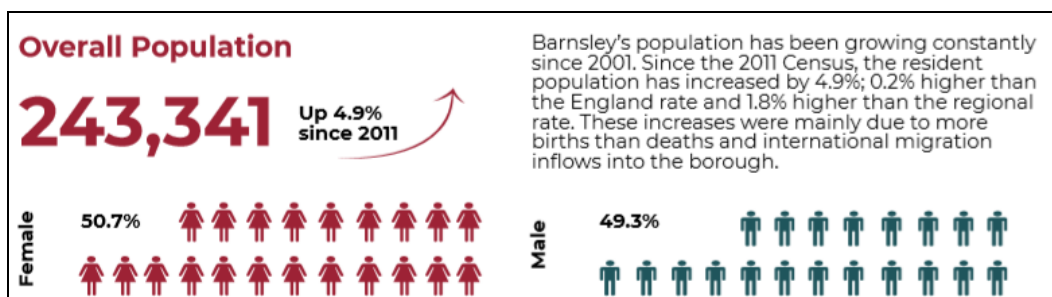
## What is Barnsley's Profile?

The full profile of the Borough can be found at the link below:

### THE BOROUGH'S PROFILE

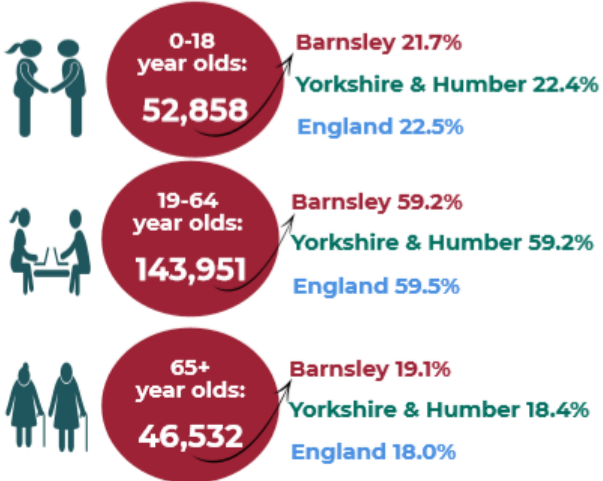
<https://www.barnsley.gov.uk/media/11759/our-borough-profile-20190724.pdf>

Significant measures are shown below:



# STATEMENT OF ACCOUNTS 2019/20

## Age Profile and % of Total Population



Calculated using the rank of average score measure

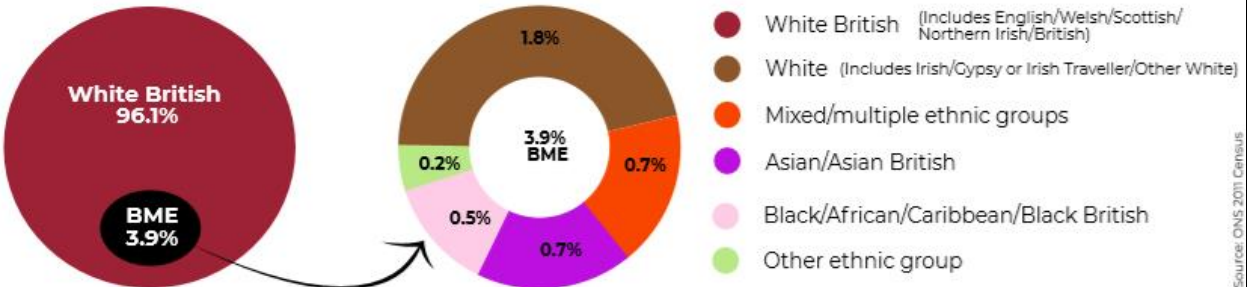
**39th**  
most deprived local authority of the 326 in England



\*There were 354 local authorities in England during these IMD reporting periods.

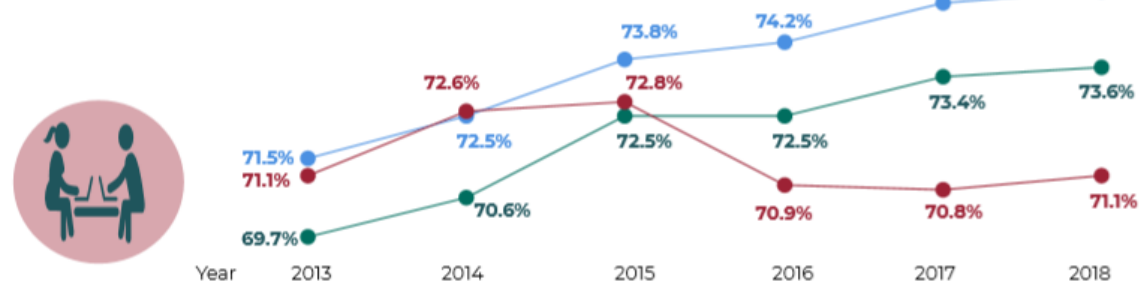
Source: 2015 English Indices of Deprivation

## Ethnic Breakdown



Source: ONS 2011 Census

## % of Working Age Population in Employment



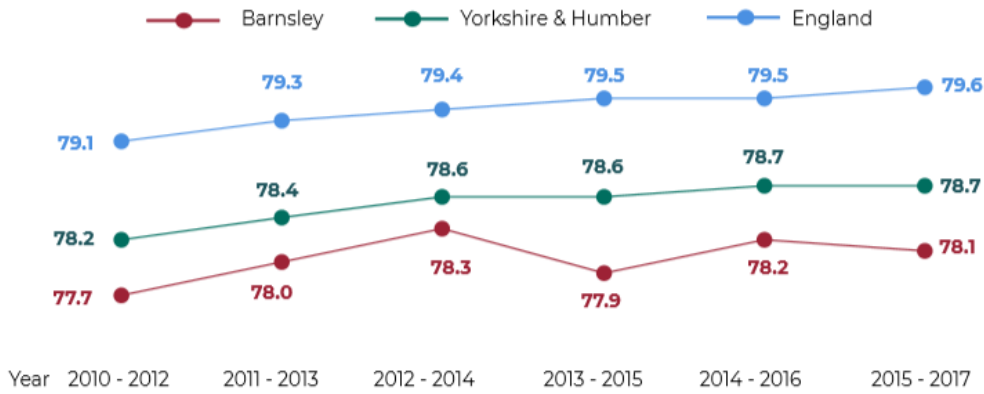
Source: ONS annual population survey Jan 13 - Dec 18

Trends show that Barnsley continues to have a lower number of working age residents in employment than both the regional and national rates. Also, in recent years the gap between Barnsley and England has widened.

# STATEMENT OF ACCOUNTS 2019/20

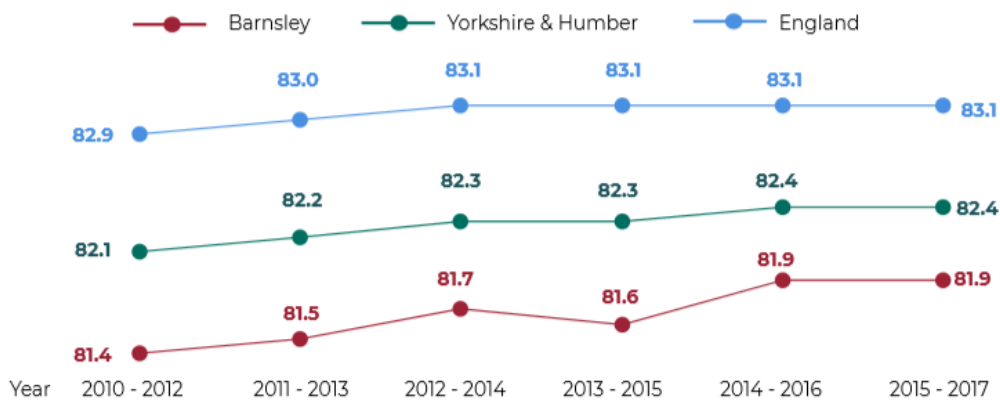
## Life Expectancy at Birth

Male



Life expectancy at birth for males is currently 78.1 years compared with 74.6 years in 2001 -2003. The difference in life expectancy at birth for males born in Barnsley and those in the rest of England is 1.5 years. The gap between Barnsley and England figures for men has slightly widened when compared with 2012-14 where the difference was 1.1 years.

Female



Life expectancy at birth for females is currently 81.9 years compared with 79.6 years in 2001 -2003. The difference in life expectancy at birth for females born in Barnsley and those in the rest of England is 1.2 years. The gap between Barnsley and England figures has slightly decreased when compared with 2012-14 where the difference was 1.4 years.

## Households

Number of Houses



**110,590**

residential properties in Barnsley

## Business Rates



**6,880**

Non-domestic properties in Barnsley

# STATEMENT OF ACCOUNTS 2019/20

## 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:

<ul style="list-style-type: none"> <li>Administration                     <ul style="list-style-type: none"> <li>Area Councils</li> <li>Safer Neighbourhood Teams</li> <li>Parishes</li> <li>Polling Districts</li> <li>Wards</li> </ul> </li> <li>Education                     <ul style="list-style-type: none"> <li>Advanced Learning Centres</li> <li>Nursery</li> <li>Pre School</li> <li>Primary Schools</li> <li>Secondary Schools</li> <li>Special Schools</li> </ul> </li> <li>Childcare                     <ul style="list-style-type: none"> <li>Breakfast Clubs</li> <li>Childrens Centre</li> <li>Out of School Clubs</li> </ul> </li> <li>Services                     <ul style="list-style-type: none"> <li>Customer Service Centres</li> <li>Bring It Recycling</li> <li>Household Waste Recycling</li> </ul> </li> <li>Transport                     <ul style="list-style-type: none"> <li>Bus Stops</li> <li>Car Parks</li> <li>Train Stations</li> <li>Variable Message Signs</li> </ul> </li> <li>Healthcare                     <ul style="list-style-type: none"> <li>Dentist</li> <li>GP Surgery</li> <li>Hospital</li> <li>Opticians</li> <li>Pharmacy</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Leisure                     <ul style="list-style-type: none"> <li>Leisure Centre</li> <li>Library</li> </ul> </li> <li>Winter Maintenance                     <ul style="list-style-type: none"> <li>Primary Gritting Route</li> <li>Grit Bins</li> </ul> </li> <li>English Heritage                     <ul style="list-style-type: none"> <li>Listed Buildings</li> <li>Historic Parks &amp; Gardens</li> </ul> </li> <li>Residential                     <ul style="list-style-type: none"> <li>Area to Remain Free From Development Due To Impact On Historic Environment</li> <li>Housing Allocation</li> <li>Site for Travellers</li> </ul> </li> <li>Commercial / Retail                     <ul style="list-style-type: none"> <li>District or Local Centre</li> <li>Primary Shopping Area</li> <li>Primary Shopping Frontage</li> <li>Retail Park</li> <li>Secondary Shopping Frontage</li> </ul> </li> <li>Employment                     <ul style="list-style-type: none"> <li>Employment Allocation</li> <li>Land Reserved for Employment</li> <li>Land Proposed for Mixed Use</li> <li>Proposed School Site</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Resources                     <ul style="list-style-type: none"> <li>Area of Search for New Minerals</li> <li>Site Safeguarded for Mineral Extraction</li> <li>Site with Planning Permission for Mineral Extraction</li> </ul> </li> <li>Town Centre                     <ul style="list-style-type: none"> <li>Town Centre: Landmark Building</li> <li>Town Centre: Gateway</li> <li>Town Centre: The Green Sprint</li> <li>Town Centre: Junction Improvement</li> <li>Town Centre: Primary Shopping Area</li> <li>Town Centre: Shopping Frontages</li> <li>Town Centre: Proposed Cycle Route</li> <li>Town Centre: Development Site</li> <li>Town Centre: Priority Site Public Space Improvement</li> <li>Town Centre: Other Public Space Improvement</li> <li>Town Centre: Gateway Site for Public Open Space Improvement</li> </ul> </li> <li>Water                     <ul style="list-style-type: none"> <li>Canal - Historic Route</li> <li>Canal - Safeguarded Route</li> <li>Functional Floodplain (Floodzone 3b)</li> </ul> </li> <li>Area of Search (Wind Turbines)                     <ul style="list-style-type: none"> <li>Industrial / Business Parks</li> <li>Moorland Fringes / Upland Pastures</li> <li>Rolling Wooded Farmland</li> <li>Settled Arable Slopes</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Green Belt, Greenspace &amp; Conservation                     <ul style="list-style-type: none"> <li>Greenspace</li> <li>Allotment</li> <li>Biodiversity or Geological Interest Site</li> <li>Conservation Area</li> <li>Green Belt</li> <li>Green Way</li> <li>Nature Improvement Area</li> <li>Park and Garden of Historic Interest</li> <li>Scheduled Ancient Monument</li> <li>Peak District National Park</li> <li>School Grounds</li> <li>Safeguarded Strategic Waste Management Site</li> <li>Settlement</li> <li>Town Centre</li> <li>Urban Fabric</li> <li>Approved Planning Applications</li> <li>Undetermined Planning Applications</li> <li>Refused Planning Applications</li> <li>Planning Applications (All)</li> <li>Planning Constraints</li> </ul> </li> <li>Public Rights of Way                     <ul style="list-style-type: none"> <li>Bridleway</li> <li>Footpath</li> <li>Restricted byway</li> </ul> </li> </ul>
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The link to all of 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	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 2019/20, 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.

The 2019/20 **management structure** can be found on the Council's website and via the link below:

### [Management Structure](#)



## Our Corporate Plan

**The Corporate Plan 2017 – 2020 sets out what Barnsley Council aims to achieve over this period for our customers and the community. It explains what we want to do, how we are going to do it and how we will measure that we are on track to achieve it.**

Our organisation has changed **significantly** over the last three years as we have commenced our Future Council Strategy and Programme. This has challenged us to **change** our culture or 'the way we do things around here' and deliver services in **more innovative** ways, whilst also delivering the planned **savings and efficiencies**.

We now have a **new, inspiring** and **forward looking** vision developed by our employees, 'working together for a brighter future, a better Barnsley'. We want to work **more** with our communities, **support** people to achieve their potential and we want our residents to think and feel we are making a real **difference** together.

We have also developed a set of **values**, slightly revised our **priorities** and outcomes and **identified** what a future council will look like.

Like many other public sector bodies, we face many further challenges and changes over the next three years. We remain **committed** to responding to these **positively** as well as making a real difference to people's lives. Our Corporate Plan enables us to be **clear** about our priorities, **how** we are going to work, and what **differences** we are going to **achieve** with the reducing amount of resources available to us.

We continue to have a **high** level of ambition and aspiration and will do our **very best** to support Barnsley, its people, communities, partners and businesses to thrive and achieve. Residents, communities and customers of Barnsley continue to be our **number one priority**.

**OUR**  
**CORPORATE**  
**PLAN**

<https://www.barnsley.gov.uk/media/4264/corporate-plan-2017-20.pdf>

## Our Future Council Plan – Barnsley 2030

**Barnsley 2030** is a place focussed project that will tell the story of Barnsley; the place it is now and the place we all want it to be by 2030.

As Barnsley 2030 focuses on how we want the borough, rather than just the Council, to transform and develop over the next ten years, partnership working is a key component of the project. It is for this reason that the steering group comprises of representatives from across all sectors and extensive engagement has been undertaken with a diverse range of stakeholders too.

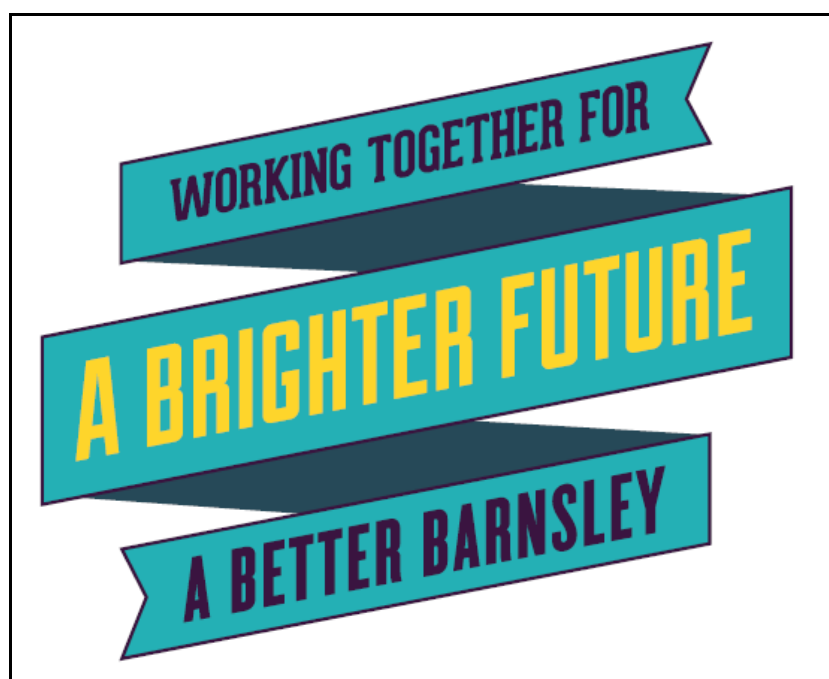
As Covid-19 has taught us, a lot can change in a relatively short space of time and Barnsley 2030 offers us the opportunity to use our shared experiences and shared values to visualise a future that is both bold and compelling. Enabling us to tell a different, better, story of Barnsley.

**BARNSELY**  
**2030**

<https://www.barnsley.gov.uk/services/our-council/barnsley-2030/>

## Our Vision

**We have developed a new and inspiring vision for Barnsley, supported by values that will help us to drive change and improvement and to achieve our priorities and outcomes.**



Our Values

**Our core values are the 'way we do things around here' and will help pull the organisation in the same direction towards achieving our vision and priorities.**

The image displays four value cards arranged in a 2x2 grid. Each card has a distinct background color and contains the following elements:

- Top:** A banner with the text "OUR VALUES".
- Middle:** A central banner with "WE'RE" and a large, stylized value word.
- Bottom:** A small logo with the text "WORKING FOR A BRIGHTER FUTURE" and "A BETTER BARNLEY".
- Caption:** A rounded rectangle containing the value name and a descriptive paragraph.

Value	Description
<b>We're Proud</b>	<i>We're dedicated to making Barnsley a better place. We take pride in our work</i>
<b>We're Honest</b>	<i>We always say what we mean. Most of all we're reliable, fair and true</i>
<b>We'll be Excellent</b>	<i>We work really hard to provide the best quality and value for money for the people of Barnsley. Only our best is good enough</i>
<b>We're a Team</b>	<i>We all work together towards the same goal – to make Barnsley a better place for the people who live, work and visit here</i>

## Our Priorities

**Our three main priorities are considered to be the areas that warrant greater attention, emphasis and possibly resources, in order to influence other areas of activity and make the greatest impact overall. This is where we will focus our performance management and reporting arrangements to keep a closer eye on how well we are doing.**

### THRIVING & VIBRANT ECONOMY

We have developed a long-term plan to grow the economy for the borough. We are keen to work with and support the private sector, supporting them to create better conditions and infrastructure, helping to safeguard existing jobs and businesses and stimulate the growth of more and better jobs and homes. We want to make sure there are more job opportunities for Barnsley residents, to help the local economy, provide positive role models for young people, and reduce the extent of worklessness and poverty across the borough.

We will achieve this through delivering the following outcomes:

- Create more and better jobs and good business growth
- Increase skills to get more people working
- Develop a vibrant Town Centre
- Strengthen our visitor economy
- Create more and better housing

### PEOPLE ACHIEVING THEIR POTENTIAL

It is important for the future of the borough that we help children, young people and families to achieve their potential and have the right skills and qualifications to access better education, employment or training. We also want to encourage young people to make a positive contribution in their communities. We have a crucial role in protecting and safeguarding the most vulnerable and at risk of harm. We will continue to challenge and raise our standards whilst looking at how we can manage and reduce demand more effectively. For people to achieve their potential we need to create a healthier, happier, independent and more active population.

We will achieve this through delivering the following outcomes:

- Every child attends a good school
- Early, targeted support for those that need it
- Children and adults are safe from harm
- People are healthier, happier, independent and active

### STRONG & RESILIENT COMMUNITIES

We need to ensure better use of the physical assets, skills and knowledge that are in every community in Barnsley, so that we can utilise these resources more efficiently. Working together with the community, customers and partners becomes more important as we try to reduce the dependency on council services by creating stronger communities and designing innovative and different services.

We will achieve this through delivering the following outcomes:

- People volunteering and contributing towards stronger communities
- Protecting the Borough for future generations
- Customers can contact us easily and use more services online

## Our Approach

**People are at the heart of helping us to improve and achieve our priorities. Whether this is through strong leadership, governance and accountability, skilling up and learning new things, displaying the values in everything we do, recognising and celebrating success or being supported to learn from things that don't go so well. This is cultural change and organisational health, which we have described as One Council.**



To deliver our vision, priorities and outcomes we need to continue to **change** and **improve** our organisation and its culture. To do this, we have identified ten things that we need to continue to develop, improve and embed across the organisation:

- **Clear vision and values** – we will make sure our employees, partners, customers and the community are aware of our vision and values and what we are trying to achieve.
- **Customer focus** – we will understand all our customers and put them at the centre of everything we do.
- **Commercial and business acumen** – we will focus on outcomes and making every penny count.
- **Effective delivery of projects and programmes** – we will strengthen and standardise our approach to ensure integrity, accountability and value for money.
- **Innovative and managed risk taking** – we will remove barriers and bureaucracy and encourage, support and empower our employees to identify and implement suggestions and improvements.
- **Learning organisation** – we will invest in our people, recognise success and achievement and become stronger from our failures.
- **Leaders at every level** – we will have leaders at every level of the organisation who are highly skilled, motivated and empowered to respond effectively to local needs.
- **Flexible workforce** – we will ensure our workforce is healthy, agile, flexible and supportive of change with skills that can be deployed in different ways to meet our customers needs.
- **Working with our partners, communities and residents** – we will work together to identify and meet local needs through joint and informed planning and decision making.
- **Enabling organisation** – we will enable our partners, communities and residents to do more for themselves.

## STATEMENT OF ACCOUNTS 2019/20

# Our 2019/20 Corporate Performance

## 2019/20 Revenue Budget Monitoring Overview

### General Fund Executive Overview:

The COVID-19 pandemic took hold in the final two weeks of the 2019/20 financial year. Whilst this did not impact on the overall outturn in 2019/20, it is expected to result in a significant pressure within both the 2020/21 financial year and ongoing as the economy recovers.

The Council's overall General Fund Service outturn, prior to any earmarking of revenue resources, is an underspend of £16.1M. However, it should be noted that after adjusting this position for slippage and service specific earmarkings, the actual service outturn is an **operational underspend of £6.0M**.

This takes into account one-off funding and non-recurrent savings dropping out as well as the assumptions that have already been factored into the Council's Medium Term Financial Strategy.

There is also an operational underspend against corporate budgets, levies and provisions of **£0.9M** (after proposed earmarkings). This underspend is largely resulting from savings on debt costs and the receipt of one off grant provisions which remained unspent at year end.

This brings the total underspend to **£6.9M**. Within the Final Accounts Report, Cabinet approved that **£1.9M** of the underspend be earmarked to support the COVID-19 Recovery with the remaining **£5.0M** used to increase the Council's General Fund minimum working balance, from £15M to £20M to offer further protection against the ongoing impact of COVID-19 and other future financial risks.

<u>Management Accounts</u>	<u>Year End Budget</u>	<u>Actual Spend</u>	<u>Over / (Under) Spend</u>	<u>Earmarked Into Future Years</u>	<u>Operational Over / (Under) Spend</u>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
Children's Services	36.579	38.895	2.316	(2.574)	(0.258)
Place	39.900	37.936	(1.964)	1.973	0.009
Adults & Communities	62.862	52.049	(10.813)	7.446	(3.367)
Public Health	7.506	4.397	(3.109)	1.267	(1.842)
Core Services	(4.078)	(6.612)	(2.534)	1.997	(0.537)
<b>Total Services</b>	<b>142.769</b>	<b>126.665</b>	<b>(16.104)</b>	<b>10.109</b>	<b>(5.995)</b>
Corporate Budgets	26.294	2.369	(23.925)	23.012	(0.913)
<b>Total Against 19/20 Budget</b>	<b>169.063</b>	<b>129.034</b>	<b>(40.029)</b>	<b>33.121</b>	<b>(6.908)</b>
Use of Reserves	36.268	36.268	-	-	-
<b>Total</b>	<b>205.331</b>	<b>165.302</b>	<b>(40.029)</b>	<b>33.121</b>	<b>(6.908)</b>
<b>Corporate Earmarkings</b>					<b>1.908</b>
<b>Final Position (Increase) / Decrease to Strategic Reserves / Minimum Working Balance</b>					<b>(5.000)</b>

Individual quarterly monitoring reports for 2019/20 can be accessed via the links below:

<b>Quarter</b>	<b>Date Presented to Cabinet</b>	<b>Cabinet Reference</b>	<b>Link to Cabinet Meeting</b>	<b>Link to Detailed Reports *</b>
<b>1</b>	4 <sup>th</sup> September 2019	Cab.4.9.2019/11	<a href="#">Quarter 1 Cabinet</a>	<a href="#">Detailed Q1</a>
<b>2</b>	27 <sup>th</sup> November 2019	Cab.27.11.2019/8	<a href="#">Quarter 2 Cabinet</a>	<a href="#">Detailed Q2</a>
<b>3</b>	4 <sup>th</sup> March 2020	Cab.4.3.2020/11	<a href="#">Quarter 3 Cabinet</a>	<a href="#">Detailed Q3</a>
<b>Final Accounts</b>	10 <sup>th</sup> June 2020	Cab.10.6.2020/8	<a href="#">Final Accounts Cabinet</a>	<a href="#">Detailed Q4</a>

\* From Quarter 2 of 2019/20, the reports presented to Cabinet were in an executive summary report format with the further detailed reports referenced for information.

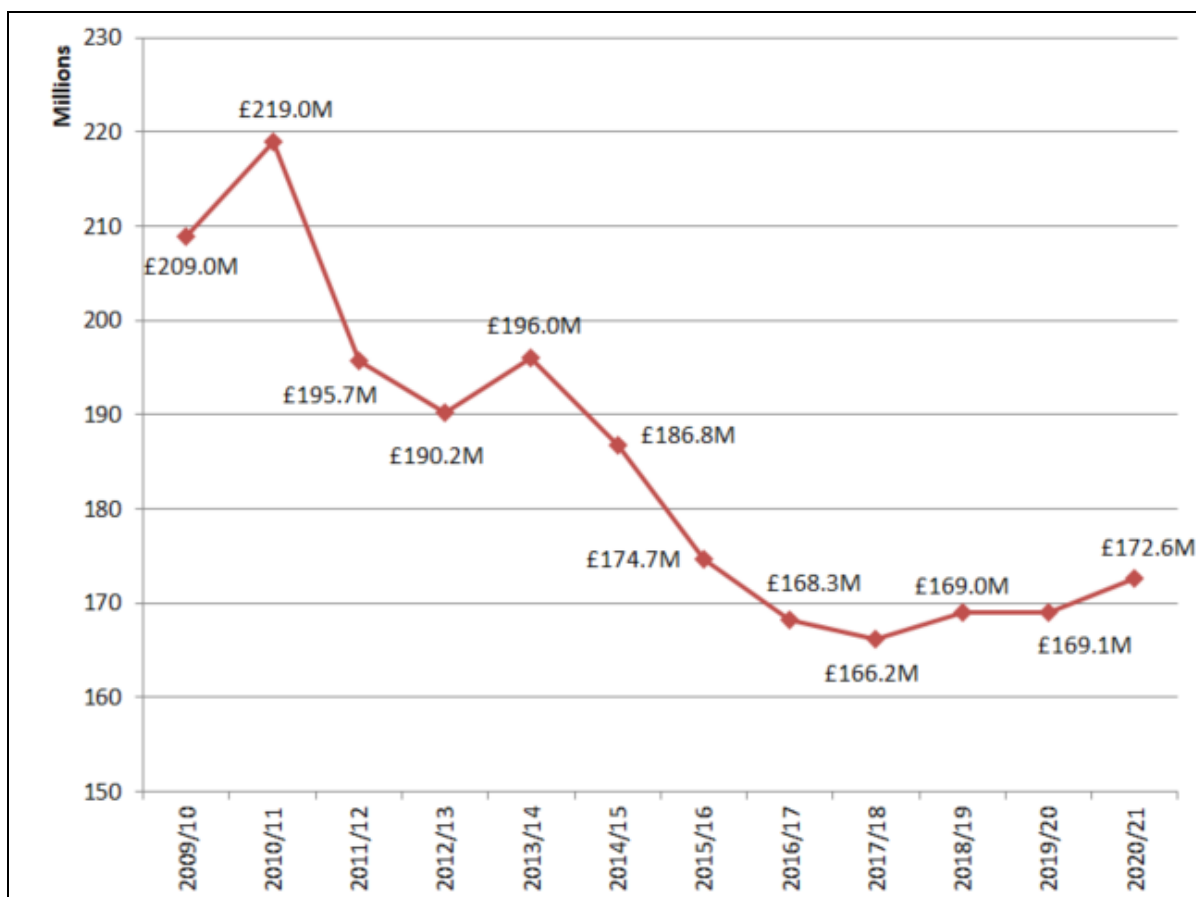
## STATEMENT OF ACCOUNTS 2019/20

### Approved Revenue Budget

The table and chart below shows the historical trend in respect of the Council's revenue expenditure budget since 2010.

Financial Year	Approved Revenue Budget
	£M
2009/10	208.957
2010/11	219.015
2011/12	195.675
2012/13	190.197
2013/14	196.016
2014/15	186.769
2015/16	174.686
2016/17	168.275
2017/18	166.201
2018/19	168.988
2019/20	<b>169.064</b>
2020/21	172.577

**Net revenue expenditure** budget for Barnsley MBC since 2009/10.



## STATEMENT OF ACCOUNTS 2019/20

### Corporate Funding 2019/20

The Council set a net revenue expenditure budget of **£169.1M** for 2019/20 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.

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.

<b>2019/20 Revenue Budget – Corporate Funding:</b>	<b>£M</b>
Revenue Support Grant	12.8
Business Rates Retained Share including Collection Fund Surplus	22.8
Business Rates Top Up	32.2
Council Tax including Collection Fund Surplus	97.7
Section 31 Grants	3.6
<b>Total Net Revenue Expenditure Budget</b>	<b>169.1</b>

### General Fund Reserves Analysis

Actual total net expenditure, including that funded from earmarked reserves, for the year was **£165.3M** against a base budget of **£169.1M**, giving an overall **increase** in general fund balances of **£3.8M**. This is comprised of an increase in **General Fund Balances** of **£4.1M** partially offset by a decrease in **School Balances** of **£0.3M**.

The table below shows the movement on the **General Fund Reserves** in the 2019/20 financial year:

	<b>£M</b>
2019/20 Actual Net Revenue Expenditure	165.3
2019/20 Revenue Budget – Corporate Funding	(169.1)
<b>(Increase) / Decrease in General Fund Reserves</b>	<b>(3.8)</b>

Each year, the Council submits 'earmarking' requests to Cabinet in respect of specific projects which are to be carried in to the forthcoming financial year.

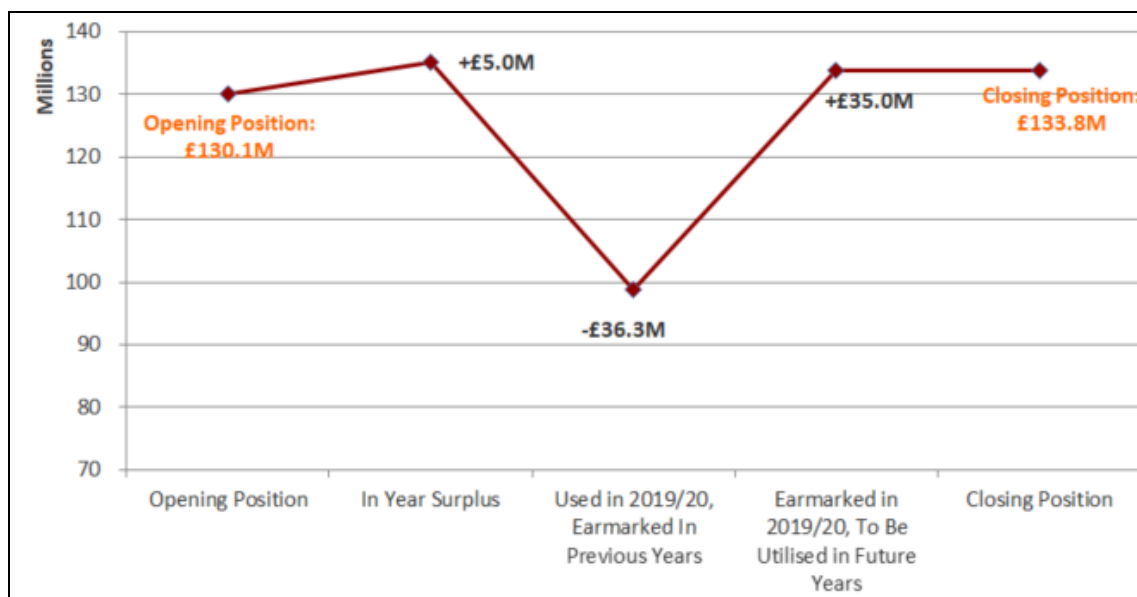
A further breakdown relating to the **utilisation / earmarking** of the Council's reserves is shown below:

	<b>£M</b>
<b>General Fund – General Reserves:</b>	
In Year Surplus	(5.0)
	<b>(5.0)</b>
<b>General Fund – Earmarked Reserves:</b>	
Used in 2019/20, Earmarked in Previous Years	36.3
Earmarked in 2019/20, To Be Utilised in Future Years	(35.1)
	<b>1.2</b>
<b>(Increase) / Decrease in General Fund Reserves</b>	<b>(3.8)</b>



## STATEMENT OF ACCOUNTS 2019/20

Movement on **General Fund Reserves** for Barnsley MBC in 2019/20:



The Council holds a level of general reserves as a **contingency for unforeseen events**. The amount in respect of these minimum working balance reserves as at 31<sup>st</sup> March 2020 totals **£20M** (£15M as at 31<sup>st</sup> March 2019).

This is presented within [Note 4](#) of this Statement of Accounts.

### Housing Revenue Account (HRA) Executive Overview:

The Council's overall Housing Revenue Account outturn, prior to any earmarking of revenue resources, is an underspend of **£2.6M**. However, it should be noted that after adjusting this position for slippage and service specific earmarkings, the actual service outturn is an **operational underspend of £2.4M**.

This takes into account one-off funding and non-recurrent savings dropping out as well as the assumptions that have already been factored into the Council's 30 Year HRA Business Plan.

Within the Final Accounts Report, Cabinet approved that **£0.6M** of the underspend be earmarked to support the COVID-19 Recovery Strategy with the remaining **£1.8M** used to increase the Council's Housing Revenue Account minimum working balance, from £5.2M to **£7.0M** to offer further protection against the ongoing impact of COVID-19 and other future financial risks.

## STATEMENT OF ACCOUNTS 2019/20

<b>Management Accounts</b>	<b>Year End Budget</b>	<b>Actual</b>	<b>Over / (Under) Spend</b>	<b>Earmarked Into Future Years</b>	<b>Operational Over / (Under) Spend</b>
	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>	<b>£M</b>
<b>Income</b>					
Dwellings Rent	(67.822)	(68.875)	(1.053)	-	(1.053)
Non Dwellings Rent	(0.361)	(0.364)	(0.003)	-	(0.003)
Heating Charges	(0.525)	(0.543)	(0.018)	-	(0.018)
Other Charges for Services & Facilities	(0.465)	(0.483)	(0.018)	-	(0.018)
Contributions Towards Expenditure	(1.057)	(1.645)	(0.588)	-	(0.588)
<b>Total Income</b>	<b>(70.230)</b>	<b>(71.910)</b>	<b>(1.680)</b>	<b>-</b>	<b>(1.680)</b>
<b>Expenditure</b>					
Repairs & Maintenance (Including Fees)	19.523	19.829	0.306	0.200	0.506
Supervision and Management	17.096	17.052	(0.044)	-	(0.044)
Rents Rates Taxes & Other Charges	0.251	0.128	(0.123)	-	(0.123)
Provision for Bad and Doubtful Debts	2.035	1.901	(0.134)	-	(0.134)
Depreciation of Fixed Assets	14.886	14.886	-	-	-
Debt Management Costs	0.096	0.096	-	-	-
<b>Total Expenditure</b>	<b>53.887</b>	<b>53.892</b>	<b>0.005</b>	<b>0.200</b>	<b>0.205</b>
<b>Total Net Cost of Services</b>	<b>(16.343)</b>	<b>(18.018)</b>	<b>(1.675)</b>	<b>0.200</b>	<b>(1.475)</b>
<b>Other Expenditure / (Income)</b>					
Interest Payable and Similar Charges	11.115	10.374	(0.741)	-	(0.741)
Amortised Premiums and Discounts	0.053	0.092	0.039	-	0.039
Investment Income	(0.093)	(0.306)	(0.213)	-	(0.213)
Transfer from the Major Repairs Reserve	5.852	5.852	-	-	-
Reserves Funding Capital	7.263	7.263	-	-	-
<b>Total Other Expenditure / (Income)</b>	<b>24.190</b>	<b>23.275</b>	<b>(0.915)</b>	<b>-</b>	<b>(0.915)</b>
<b>Total Services</b>	<b>7.847</b>	<b>5.257</b>	<b>(2.590)</b>	<b>0.200</b>	<b>(2.390)</b>
Use of Reserves	(7.847)	-	7.847	-	-
<b>Total</b>	<b>-</b>	<b>5.257</b>	<b>5.257</b>	<b>0.200</b>	<b>(2.390)</b>
Corporate Earmarkings					0.590
<b>Final Position (Increase) / Decrease to Strategic Reserves / Minimum Working Balance</b>					<b>(1.800)</b>

Individual quarterly monitoring reports for 2019/20 can be accessed via the links below:

<b>Quarter</b>	<b>Date Presented to Cabinet</b>	<b>Cabinet Reference</b>	<b>Link to Cabinet Meeting</b>	<b>Link to Detailed Reports *</b>
<b>1</b>	4 <sup>th</sup> September 2019	Cab.4.9.2019/11	<a href="#">Quarter 1 Cabinet</a>	<a href="#">Detailed Q1</a>
<b>2</b>	27 <sup>th</sup> November 2019	Cab.27.11.2019/8	<a href="#">Quarter 2 Cabinet</a>	<a href="#">Detailed Q2</a>
<b>3</b>	4 <sup>th</sup> March 2020	Cab.4.3.2020/11	<a href="#">Quarter 3 Cabinet</a>	<a href="#">Detailed Q3</a>
<b>Final Accounts</b>	10 <sup>th</sup> June 2020	Cab.10.6.2020/8	<a href="#">Final Accounts Cabinet</a>	<a href="#">Detailed Q4</a>

\* From Quarter 2 of 2019/20, the reports presented to Cabinet were in an executive summary report format with the further detailed reports referenced for information.

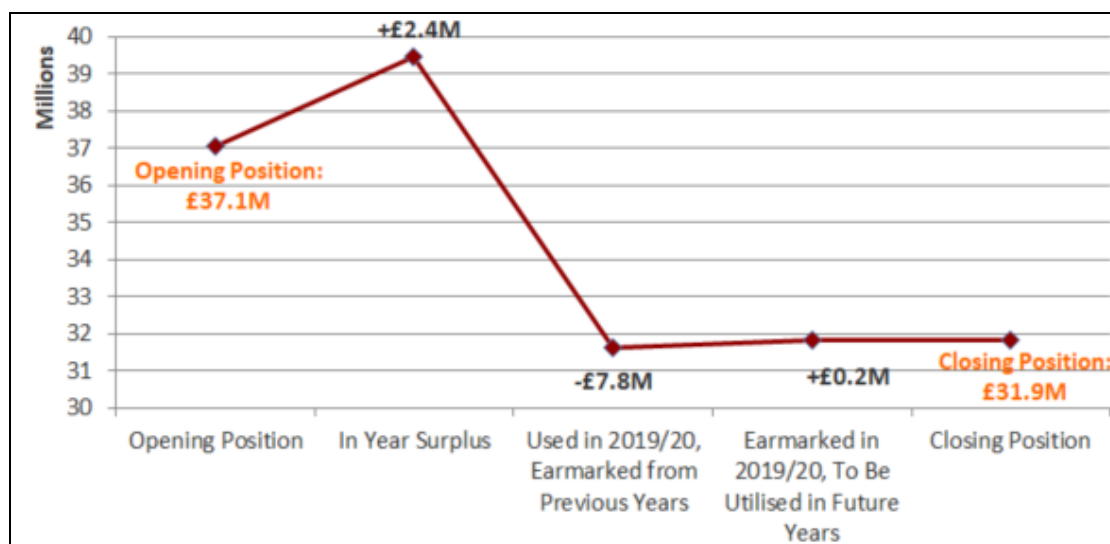
## STATEMENT OF ACCOUNTS 2019/20

### Housing Revenue Account Reserves Analysis

The table below shows the movement on the **Housing Revenue Account Reserves** in the 2019/20 financial year:

	£M
<b>HRA – General Reserves:</b>	
In Year Surplus	(2.4)
	<b>(2.4)</b>
<b>HRA – Earmarked Reserves:</b>	
Used in 2019/20, Earmarked in Previous Years	7.9
Earmarked in 2019/20, To Be Utilised in Future Years	(0.2)
	<b>7.7</b>
<b>(Increase) / Decrease in HRA Reserves</b>	<b>5.3</b>

Movement on **Housing Revenue Account Reserves** for Barnsley MBC in 2019/20:



The Council holds a level of general HRA reserves as a **contingency for unforeseen events**. The amount in respect of these minimum working balance reserves as at 31<sup>st</sup> March 2020 totals **£7.0M**, equivalent to 10% of total expected rental income (£5.2M as at 31<sup>st</sup> March 2019).

This is presented within [Note 4](#) of this Statement of Accounts.

## STATEMENT OF ACCOUNTS 2019/20

### 2019/20 Capital Programme Monitoring Overview

#### Executive Overview:

In 2019/20, the Council spent **£141.0M** through its capital programme. The majority of the expenditure incurred related to the Council's operational land & buildings and its dwellings.

The **capital expenditure** was funded from **£62.8M** worth of the Council's own resources and **£78.2M** of prudential borrowing / leasing.

Individual quarterly monitoring reports for 2019/20 can be accessed via the links below:

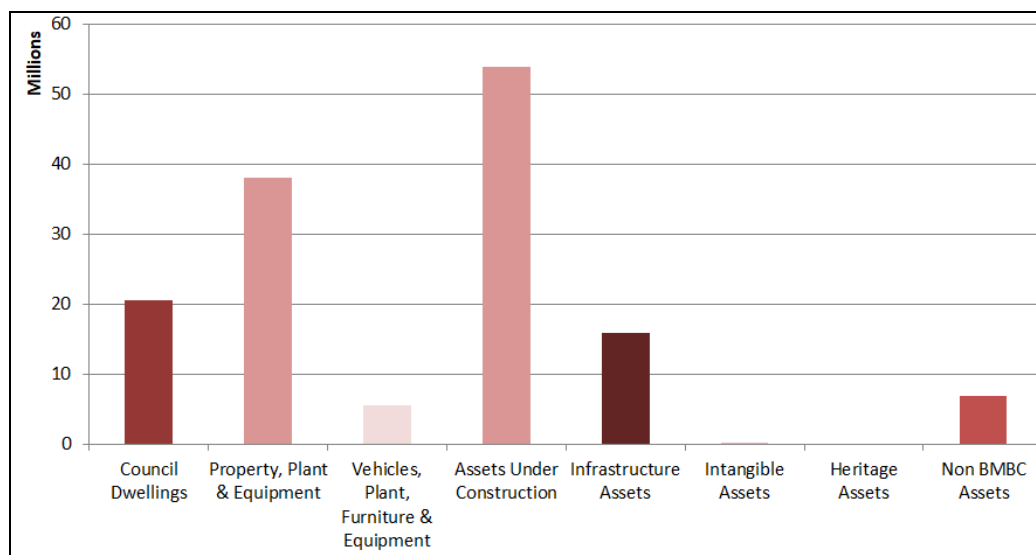
Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting	Link to Detailed Reports *
<b>1</b>	4 <sup>th</sup> September 2019	Cab.4.9.2019/11	<a href="#">Quarter 1 Cabinet</a>	<a href="#">Detailed Q1</a>
<b>2</b>	27 <sup>th</sup> November 2019	Cab.27.11.2019/8	<a href="#">Quarter 2 Cabinet</a>	<a href="#">Detailed Q2</a>
<b>3</b>	4 <sup>th</sup> March 2020	Cab.4.3.2020/11	<a href="#">Quarter 3 Cabinet</a>	<a href="#">Detailed Q3</a>
<b>Final Accounts</b>	10 <sup>th</sup> June 2020	Cab.10.6.2020/9	<a href="#">Final Accounts Cabinet</a>	<a href="#">Detailed Q4</a>

\* From Quarter 2 of 2019/20, the reports presented to Cabinet were in an executive summary report format with the further detailed reports referenced for information.

#### Asset Expenditure

**Capital expenditure** during the year amounted to **£141.0M** (£93.4M in 2018/19), including Private Finance Initiative and other finance lease purchases. The table and chart below analyses the capital expenditure against the Council's asset categories.

<b>Asset Categories</b>	<b>2019/20 £M</b>
Council Dwellings	20.7
Property, Plant & Equipment	38.0
Vehicles, Plant, Furniture & Equipment	5.5
Assets Under Construction	54.0
Infrastructure Assets	15.8
Intangible Assets	0.1
Heritage Assets	-
Non BMBC Assets	6.9
<b>Total</b>	<b>141.0</b>



## STATEMENT OF ACCOUNTS 2019/20

### Details of Material Asset Groups Acquired / Enhanced

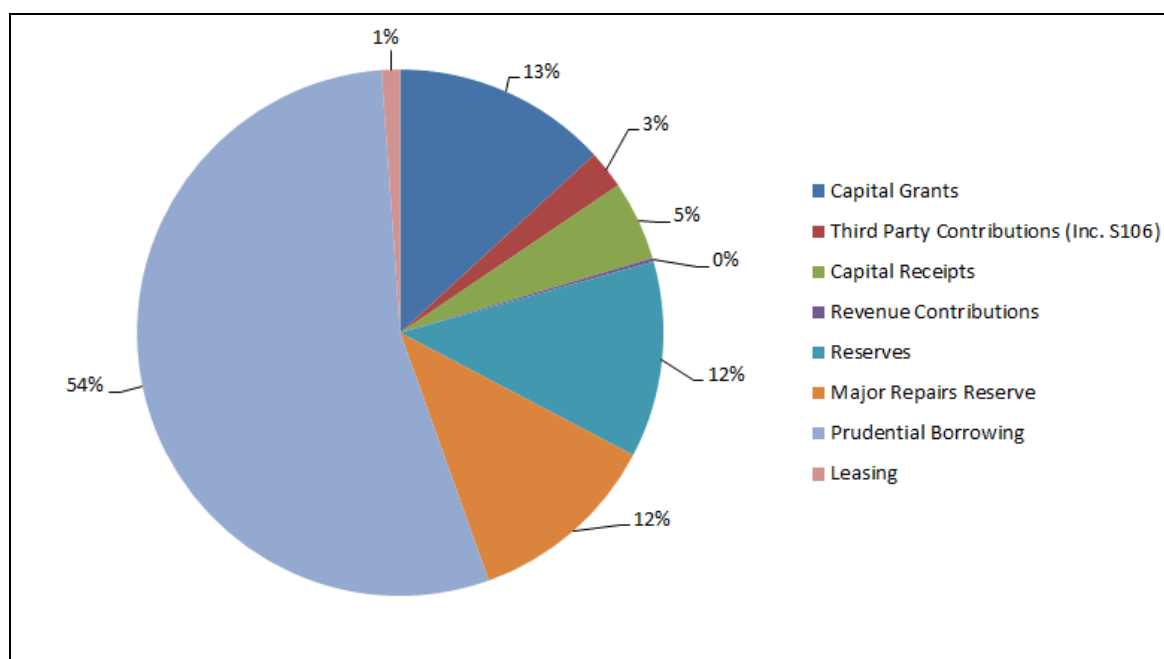
Below shows the **material assets/groups** that the Council has spent its capital expenditure on in 2019/20, together with a high level description of what the expenditure relates to:

<b>Asset Group</b>	<b>Description</b>	<b>2019/20 Expenditure £M</b>
Glassworks Development	Expenditure on the Town Centre – Glassworks Development including Market Gate Bridge	55.4
Westgate Plaza Acquisition	Purchase of the Town Centre building	18.0
Barnsley Homes Standard	Expenditure on maintaining the Council's dwelling stock to Decency Standard	13.4
Highways & Footways Maintenance & Enhancement	Expenditure on maintaining and enhancing the Borough's highways & footways	12.5
Acquisition & New Build of new Council Dwelling Properties	Expenditure on the purchase and construction of council houses	5.2
Other	Various	36.5
<b>Total</b>		<b>141.0</b>

### Sources of Capital Finance

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

<b>Funding Source</b>	<b>2019/20 £M</b>
Capital Grants	18.6
Third Party Contributions (Inc. S106)	3.3
Capital Receipts	6.9
Revenue Contributions	0.3
Reserves	17.0
Major Repairs Reserve	16.7
Prudential Borrowing	76.6
Leasing	1.6
<b>Total</b>	<b>141.0</b>



## STATEMENT OF ACCOUNTS 2019/20

### Details of Material Assets Disposals

The Council disposed of a number of assets during 2019/20. The **material disposals** are shown in the table below.

<b><u>Asset</u></b>	<b><u>Description</u></b>	<b>2019/20 Asset Value Disposed £M</b>
School Academy Transfers	Council Maintained Schools Converted to Academy in 2019/20	9.7
Council House Sales	Council Dwellings Sold	5.3

## **2019/20 Performance Management Overview**

### Executive Overview:

A set of performance indicators have been developed and aligned to our priorities in the Corporate Plan. This allows us to monitor the delivery of outcomes. At the end of the 2019/20 reporting period, we reported on 96 Corporate Plan Performance Indicators. 57 indicators achieved their target, 1 did not have a target set, and 38 did not achieve the annual target – however, of those 38, 19 were within 10% of achieving their target.

There are a further 4 indicators we have been unable to report on at year-end due to ongoing reprioritisation of work following the COVID-19 pandemic and response.

The chart below shows the breakdown of Performance by priority:

<b>Priority</b>	<b>Achieved</b>	<b>Not Achieved</b>	<b>No Target Set</b>	<b>Total</b>
Thriving & Vibrant Economy	18	7	-	<b>25</b>
People Achieving Their Potential	28	19	1	<b>48</b>
Strong and Resilient Communities	9	8	-	<b>17</b>
One Council	2	4	-	<b>6</b>
<b>Total</b>	<b>57</b>	<b>38</b>	<b>1</b>	<b>96</b>

Individual quarterly performance reports for 2019/20 can be accessed via the links below:

<b>Quarter</b>	<b>Date Presented to Cabinet</b>	<b>Cabinet Reference</b>	<b>Link to Cabinet Meeting</b>
<b>1</b>	4 <sup>th</sup> September 2019	Cab.4.9.2019/9	<a href="#">Quarter 1 Cabinet</a>
<b>2</b>	27 <sup>th</sup> November 2019	Cab.27.11.2019/7	<a href="#">Quarter 2 Cabinet</a>
<b>3</b>	4 <sup>th</sup> March 2020	Cab.4.3.2020/10	<a href="#">Quarter 3 Cabinet</a>
<b>4</b>	10 <sup>th</sup> June 2020	Cab.10.6.2020/7	<a href="#">Quarter 4 Cabinet</a>

# STATEMENT OF ACCOUNTS 2019/20

## 2019/20 Treasury Management Overview

### Executive Overview:

Facing continued economic uncertainty, the focus of the Council's Treasury Management Strategy for 2019/20 was on **managing risk**:

- The focus of the Council's borrowing strategy was on reducing its exposure to **interest rate** and **refinancing risk**, whilst being mindful of the impact on the capital financing budget.
- 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 fixed out a large proportion of its borrowing requirement during the year (at an average rate of **2.23%**), including:

- **£40M** of long term funding from the **Public Works Loan Board**;
- **£40M** of long term funding from **PBB** (deferred funding secured in previous years); and
- **£20M** of medium term funding from **Other Local Authorities**.

This replaced **£81M** of variable rate borrowing repaid during the year, reducing the Council's interest rate risk exposure to **22%** (**27%** as at 31<sup>st</sup> March 2019). This means that **78%** of the Council's overall borrowing requirement is being financed by long term, fixed rate borrowing (exceeding the agreed target of **70%**).

### Investment Overview:

Despite an overall increase in borrowing, the Council's investment balances reduced significantly during the year in order to pay for its capital programme.

In light of this and in response to the recent Coronavirus (COVID-19) outbreak, the Council moved away from short term deposits (typically 3-9 months) and invested more funds overnight, to ensure it could continue to meet its day to day spending commitments. For example as part of its COVID-19 response, the Council has distributed over **£40M** of funding to local businesses as part of the Government's support package, around half of which was distributed in advance of Government funding.

### Treasury Reporting

Individual quarterly monitoring reports for 2019/20 can be accessed via the links below:

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting	Link to Detailed Reports *
<b>1</b>	4 <sup>th</sup> September 2019	Cab.4.9.2019/11	<a href="#">Quarter 1 Cabinet</a>	<a href="#">Detailed Q1</a>
<b>2</b>	27 <sup>th</sup> November 2019	Cab.27.11.2019/8	<a href="#">Quarter 2 Cabinet</a>	<a href="#">Detailed Q2</a>
<b>3</b>	4 <sup>th</sup> March 2020	Cab.4.3.2020/11	<a href="#">Quarter 3 Cabinet</a>	<a href="#">Detailed Q3</a>
<b>Final Accounts</b>	10 <sup>th</sup> June 2020	Cab.10.6.2020/10	<a href="#">Final Accounts Cabinet</a>	<a href="#">Detailed Q4</a>

\* From Quarter 2 of 2019/20, the reports presented to Cabinet were in an executive summary report format with the further detailed reports referenced for information.

## STATEMENT OF ACCOUNTS 2019/20

### Other Key Components of our 2019/20 Balance Sheet

#### Summary of the Council's Borrowing Position as at 31<sup>st</sup> March 2020

The Council's **total debt outstanding** as at 31st March 2020 stood at **£880.7M**, including PFI / finance lease liabilities of **£209.8M** but **excluding** accrued interest of **£6.0M** and other LA Debt of **£3.7M**.

The Council's borrowing is undertaken in accordance with the Prudential System which provides the regulatory framework to ensure that **all borrowing** is **prudent, affordable** and **sustainable**. This comprises a suite of indicators to be adopted within the Council's Treasury Management Strategy and performance reports, including an authorised limit for the absolute level of debt which cannot be exceeded. For 2019/20 this **limit** was set at **£1,031.0M** (including PFI / finance lease liabilities) with the Council's **maximum debt** in year being some **£150.3M** lower.

#### Summary of the Council's Pension Fund Position as at 31<sup>st</sup> March 2020

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 31<sup>st</sup> March 2020, fund liabilities **exceeded** fund assets by **£402M**, **on an accounting 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 has to 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 applies to the period 1st April 2018 to 31st March 2020.

The Council paid the deficit payment relating to the above triennial period as a lump sum in 2017/18 to benefit from the discount offered by the Pension Fund, as opposed to paying on a monthly or annual basis. The final proportion of this is charged to the General Fund in 2019/20.

#### Summary of the Council's Key Provisions as at 31<sup>st</sup> March 2020

The Council accounts for the uncertain nature of particular transactions through provisions on its balance sheet, in accordance with the Accounting Code of Practice. The Council has two significant provisions on its balance sheet, which are summarised below:

- Insurance Fund: The Council sets aside a provision to account for the uncertain nature in both value and timing of insurance claims that may be brought against it. The value of this provision is based on the estimated outstanding claims currently lodged with the Council, which as at 31<sup>st</sup> March 2020 totalled **£3.5M**;
- Business Rates Appeals & Amendments to The Ratings List: The Council makes provision for any potential appeals, including backdated appeals, in relation to the business rates it levies on to businesses in the Borough. The provision is based on the estimated successful appeals that are likely to be lodged with the Council, which as at 31<sup>st</sup> March 2020 totalled **£5.9M**.

[Note 34](#) provides further analysis of all the Council's provisions.



# The Council's Approach to Risk Management

The **embedding of a culture** where Risk Management is considered a part of normal business process is **crucial** to the delivery of the Risk Management Policy and Strategy and the implementation of good governance arrangements.

A robust and dynamic **Strategic Risk Register** (SRR) sets the culture and tone for Risk Management across and throughout the Council. The 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 **Risk Mitigation Action Managers** (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 risks** which have a **significant** bearing upon the overall achievement of corporate objectives and that they are being appropriately managed.

In order to provide assurances that the SRR is being appropriately managed, **reviews** of the register are undertaken on a six monthly cycle. The results of these reviews are then reported to SMT for further consideration and **challenge**. The outcomes of these processes are then reported to the Audit Committee, and subsequently, Cabinet.

The outcomes of the SRR review are reported to Cabinet. The report highlights **specific issues and actions for consideration**. This ensures Senior Elected Members are aware of the SRR and can contribute to its **development**. The consideration of the SRR by Cabinet also contributes towards the role of Elected Members in assisting in the **development of strategy** and contributing to the identification of high level strategic risks, rather than simply monitoring the management of the Risk Management process.

Following a Peer Review and a commissioned independent consultant's report, a fundamental review has been instigated to look at how strategic risk is approached. This is a positive step highlighting the culture of ensuring the most effective approach to the management of risk across the Council. This will influence the approach to strategic and operational risk in 2020/21.

### Key Documents

Title	Description	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
Strategic Risk Register – Full Review	A Full review of the Council's risk register	15th May 2019	Cab.15.5.2019/7	<a href="#">Cabinet Meeting</a>

## STATEMENT OF ACCOUNTS 2019/20

# 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 2020/21	General Fund Budget Proposals for 2020/21	5th February 2020	Cab.5.2.2020/6	<a href="#">Budget Cabinet</a>
Housing Revenue Account – 2020/21	HRA Budget Proposals for 2020/21	11th December 2019	Cab.11.12.2019/6	<a href="#">Cabinet Meeting</a>
Treasury Management Policy & Strategy 2020/21	The Council's Strategy with Regards Borrowing & Investing	5th February 2020	Cab.5.2.2020/6	<a href="#">Budget Cabinet</a>
Capital & Investment Strategy 2020/21	The Council's Strategy with Regards Capital Investment	5th February 2020	Cab.5.2.2020/6	<a href="#">Budget Cabinet</a>
Council Tax Base Report 2020/21	The Council's Approved Council Tax Base	8th January 2020	Cab.8.1.2020/6	<a href="#">Cabinet Meeting</a>
Business Rates – Calculation of Local Share 2020/21	The Council's Approved Business Rate Tax Base	8th January 2020	Cab.8.1.2020/7	<a href="#">Cabinet Meeting</a>
Council Tax Leaflet 2020/21	The Council's Council Tax leaflet for 2020/21	N/A	N/A	<a href="#">2020/21 Council Tax Leaflet</a>

The Council's Corporate Plan which runs to 2020 is currently in the process of being updated. A new 2030 Plan will help drive the borough forward over the next 10 years. In February 2020, the Council agreed an updated **Medium Term Financial Strategy (MTFS)** for the period 2020 – 2023. This included presenting balanced budget proposals for 2020/21 and 2021/22 with a relatively small funding gap in 2022/23.

Regardless of this, in order to achieve a balanced position over the next two years, a number of **tough decisions** and changes to the way we deliver some of our services are required. This includes delivery of over **£15 million** in efficiency savings, on top of over **£100 million** saved since 2010.

Although, the one year Local Government settlement for 2020/21 did afford the opportunity to make some much needed one off investment in front line services and key priorities, with upwards of **£20M** being set aside specifically for this purpose.

However, the above position was approved prior to the onset of the COVID-19 pandemic (see below), late in March 2020. It was expected that Government would announce the results of the Comprehensive Spending Review (CSR), the Fair Funding Review and Business Rates Retention in summer 2020, but the pandemic has delayed this further.

## STATEMENT OF ACCOUNTS 2019/20

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

As mentioned previously, the COVID-19 Pandemic took hold of the country during March 2020. This resulted in the country being placed in lockdown and facing the most unpredictable economic impact that the country has ever faced. To counter this, Central Government announced a number of support packages designed to help all those affected by the Pandemic.

They called on Local Government to help deliver these packages including providing support to businesses via the extended Business Rates Retail Relief scheme and business support grant framework.

In addition, Central Government also provided much needed additional funding to Local Authorities to help them support their own communities. In Barnsley, this funding totalled **£18M** and is being used to assist the Council provide a framework of support including:

- Social Care support including providing additional care packages and financial support to the care market;
- Support to schools during lockdown;
- Support to the Homeless and those most vulnerable;
- Provision of Personal Protective Equipment;
- Supplier relief to the Council major contractors; and
- Support to ensure the ongoing delivery of key front line services during lockdown including Waste, Bereavement Support and additional IT services to support employees to work from home.

Notwithstanding the Government's financial support to the Council, it is still expected that this support will not be enough to cover the expected overall impact of COVID-19 on the Council. As a result, the Council's Cabinet approved a Financial Recovery Strategy to help deliver a balanced budget during the 2020/21 financial year including the establishment of a moratorium. Furthermore, the Council's MTFS is also in the process of being updated to reflect the estimated overall ongoing impact of the pandemic.

### Key Documents

Title	Description	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
COVID-19 Financial Recovery Strategy	The Council's financial recovery strategy in respect of the financial pressure as a result of the COVID-19 pandemic	10th June 2020	Cab.10.6.2020/11	<a href="#">Cabinet Meeting</a>

## STATEMENT OF ACCOUNTS 2019/20

# Our 2019/20 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 2019/20 (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 2019/20 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.

### **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.

## **STATEMENT OF ACCOUNTS 2019/20**

[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 31<sup>st</sup> March 2020. 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.

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

## **STATEMENT OF ACCOUNTS 2019/20**

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 tax payers 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 2019/20**

There has been no change to the Council's accounting policies for 2019/20.

### **Post Balance Sheet Events**

There are no adjusting post balance sheet events following the 31st March 2020.

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

# STATEMENT OF ACCOUNTS 2019/20

## **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**

CABINET SPOKESPERSON FOR CORPORATE SERVICES

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### 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 2020.

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**N COPLEY BA (HONS), CPFA.**

SERVICE DIRECTOR FOR FINANCE, CHIEF FINANCIAL OFFICER

**STATEMENT OF ACCOUNTS 2019/20**  
**SECTION 4 – CORE FINANCIAL STATEMENTS**

**THE MOVEMENT IN RESERVES STATEMENT**

<b><u>Movement in Reserves During 2019/20</u></b>	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	£000s
<b>Balance of Reserves at 1st April 2019</b>	<b>130,114</b>	<b>37,074</b>	<b>15,071</b>	<b>10,807</b>	<b>5,796</b>	<b>198,862</b>	<b>(219,001)</b>	<b>(20,139)</b>	<a href="#">Balance Sheet</a>
Total Comprehensive Expenditure & Income	(20,119)	(12,147)	-	-	-	(32,266)	107,708	75,442	<a href="#">CI&amp;ES</a>
Adjustments Between Accounting Basis & Funding Basis Under Regulations	23,880	6,890	1,739	4,014	3,058	39,581	(39,581)	-	<a href="#">Note 3</a>
<b>Net Increase / (Decrease) in 2019/20</b>	<b>3,761</b>	<b>(5,257)</b>	<b>1,739</b>	<b>4,014</b>	<b>3,058</b>	<b>7,315</b>	<b>68,127</b>	<b>75,442</b>	<a href="#">Note 4 &amp; HRA</a>
<b>Balance of Reserves at 31st March 2020</b>	<b>133,875</b>	<b>31,817</b>	<b>16,810</b>	<b>14,821</b>	<b>8,854</b>	<b>206,177</b>	<b>(150,874)</b>	<b>55,303</b>	<a href="#">Balance Sheet</a>
	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet / Note 5</a>	<a href="#">Balance Sheet</a>	
<b><u>Movement in Reserves During 2018/19</u></b>	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	£000s	£000s
<b>Balance of Reserves at 1st April 2018</b>	<b>135,793</b>	<b>41,517</b>	<b>12,186</b>	<b>4,198</b>	<b>4,262</b>	<b>197,956</b>	<b>(177,467)</b>	<b>20,489</b>	<a href="#">Balance Sheet</a>
Total Comprehensive Expenditure & Income	(35,258)	(10,047)	-	-	-	(45,305)	4,677	(40,628)	<a href="#">CI&amp;ES</a>
Adjustments Between Accounting Basis & Funding Basis Under Regulations	29,579	5,604	2,885	6,609	1,534	46,211	(46,211)	-	<a href="#">Note 3</a>
<b>Net Increase / (Decrease) in 2018/19</b>	<b>(5,679)</b>	<b>(4,443)</b>	<b>2,885</b>	<b>6,609</b>	<b>1,534</b>	<b>906</b>	<b>(41,534)</b>	<b>(40,628)</b>	<a href="#">Note 4 &amp; HRA</a>
<b>Balance of Reserves at 31st March 2019</b>	<b>130,114</b>	<b>37,074</b>	<b>15,071</b>	<b>10,807</b>	<b>5,796</b>	<b>198,862</b>	<b>(219,001)</b>	<b>(20,139)</b>	<a href="#">Balance Sheet</a>
	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet / Note 5</a>	<a href="#">Balance Sheet</a>	



# STATEMENT OF ACCOUNTS 2019/20

## THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2018/19				2019/20			Note / Statement
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	
			<b>Net Cost of Services:</b>				
232,634	(140,631)	92,003	Children's Services	153,283	(100,401)	52,882	
99,946	(29,061)	70,885	Place	103,913	(29,777)	74,136	
70,965	(71,783)	(818)	Housing Revenue Account	74,882	(71,970)	2,912	<a href="#">HRA</a>
38,836	(16,277)	22,559	Adults & Communities	96,755	(40,355)	56,400	
10,307	(9,937)	370	Public Health	12,539	(7,787)	4,752	
99,890	(110,304)	(10,414)	Core Services	104,052	(105,655)	(1,603)	
9,081	(21,398)	(12,317)	Corporate Services	27,474	(45,776)	(18,302)	
<b>561,659</b>	<b>(399,391)</b>	<b>162,268</b>	<b>Net Cost of Services</b>	<b>572,898</b>	<b>(401,721)</b>	<b>171,177</b>	<a href="#">EFA</a>
			<b>Other Operating Income &amp; Expenditure:</b>				
431	-	431	Parish Council Precepts	436	-	436	
1,671	-	1,671	Payments to Central Government Housing Capital Receipts Pool	1,666	-	1,666	
9,070	(11,197)	(2,127)	(Gains) / Losses on The Disposal of Non-Current Assets	6,973	(10,558)	(3,585)	
33,304	-	33,304	Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers	9,679	-	9,679	<a href="#">8</a>
<b>44,476</b>	<b>(11,197)</b>	<b>33,279</b>	<b>Total Other Operating Expenditure</b>	<b>18,754</b>	<b>(10,558)</b>	<b>8,196</b>	
			<b>Financing &amp; Investment Income &amp; Expenditure:</b>				
20,765	-	20,765	Interest Payable on Debt	22,895	-	22,895	
76	-	76	Interest Element of Finance Leases	97	-	97	
20,857	-	20,857	Interest Payable on PFI Unitary Payments	20,279	-	20,279	
9,455	-	9,455	Net Interest on The Defined Benefit Liability / Asset	10,446	-	10,446	<a href="#">37</a>
-	-	-	Movement in Fair Value of Financial Assets	-	-	-	
326	-	326	Expected Credit Loss Model	1,358	-	1,358	
2,075	-	2,075	Premium Incurred on Early Redemption of Debt	-	-	-	
-	(1,718)	(1,718)	Investment Interest Income	-	(1,959)	(1,959)	
-	(52)	(52)	Dividends Receivable	-	(207)	(207)	
-	(11)	(11)	Interest Received on Finance Leases	-	(10)	(10)	
4,683	(5,332)	(649)	(Surplus) / Deficit of Trading Undertakings or Other Operations	3,612	(4,357)	(745)	<a href="#">9</a>
<b>58,237</b>	<b>(7,113)</b>	<b>51,124</b>	<b>Total Financing &amp; Investment Income &amp; Expenditure</b>	<b>58,687</b>	<b>(6,533)</b>	<b>52,154</b>	

## STATEMENT OF ACCOUNTS 2019/20

### THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

2018/19				2019/20			Note / Statement
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	
			<b>Taxation &amp; Non Specific Grant Income:</b>				
-	(27,841)	(27,841)	Recognised Capital Grants & Contributions	-	(25,289)	(25,289)	
-	(4,758)	(4,758)	Section 31 Grant – Small Business Rate Relief (SBRR)	-	(4,976)	(4,976)	
-	(19,022)	(19,022)	Revenue Support Grant (RSG)	-	(12,746)	(12,746)	
-	(94,898)	(94,898)	Council Tax	-	(98,646)	(98,646)	
-	(23,130)	(23,130)	Business Rates Retention Scheme – Locally Retained	-	(25,394)	(25,394)	
-	(31,717)	(31,717)	Business Rates Retention Scheme – Top Up Grant	-	(32,210)	(32,210)	
-	<b>(201,366)</b>	<b>(201,366)</b>	<b>Total Taxation &amp; Non Specific Grant Income</b>	-	<b>(199,261)</b>	<b>(199,261)</b>	
<b>664,372</b>	<b>(619,067)</b>	<b>45,305</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>650,339</b>	<b>(618,073)</b>	<b>32,266</b>	<a href="#">6</a>
			<b>Other Comprehensive Income &amp; Expenditure:</b>				
5,068	(53,797)	(48,729)	(Gains) / Losses on Revaluation of Property, Plant & Equipment Assets	6,318	(46,763)	(40,445)	<a href="#">5</a>
263	-	263	(Gains) / Losses on Revaluation of Financial Instruments	57	-	57	<a href="#">5</a>
43,789	-	43,789	Actuarial (Gains) / Losses on Pension Assets / Liabilities	-	(67,320)	(67,320)	<a href="#">37</a>
<b>49,120</b>	<b>(53,797)</b>	<b>(4,677)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>	<b>6,375</b>	<b>(114,083)</b>	<b>(107,708)</b>	
<b>713,492</b>	<b>(672,864)</b>	<b>40,628</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>656,714</b>	<b>(732,156)</b>	<b>(75,442)</b>	

# STATEMENT OF ACCOUNTS 2019/20

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2020

2018/19 £000s		2019/20 £000s	2019/20 £000s	Note / Statement
	<b>NON-CURRENT ASSETS</b>			
	<b>Property Plant and Equipment:</b>			
564,595	- Council Dwellings	580,429		<a href="#">19</a>
280,804	- Other Land & Buildings	301,594		<a href="#">19</a>
5,709	- Vehicles, Plant, Furniture & Equipment	9,435		<a href="#">19</a>
257,291	- Infrastructure Assets	264,599		<a href="#">19</a>
36,876	- Assets Under Construction	70,118		<a href="#">19</a>
3,665	- Surplus Assets	2,924		<a href="#">19</a>
<b>1,148,940</b>			<b>1,229,099</b>	
10,427	Heritage Assets	10,427		<a href="#">21</a>
1,109	Intangible Assets	925		<a href="#">22</a>
4,537	Long Term Investments	4,422		<a href="#">27</a>
2,333	Long Term Debtors	909		<a href="#">27</a>
<b>18,406</b>			<b>16,683</b>	
<b>1,167,346</b>	<b>Total Non-Current Assets</b>		<b>1,245,782</b>	
	<b>CURRENT ASSETS</b>			
5,330	Assets 'Held for Sale'	4,108		<a href="#">23</a>
156,926	Short Term Investments	57,197		<a href="#">27</a>
1,069	Inventories	1,101		<a href="#">29</a>
9,676	Local Taxation Debtors	10,072		<a href="#">30</a>
(7,311)	Impairment of Local Taxation Debtors	(9,772)		<a href="#">30</a>
40,647	Other Short Term Debtors	62,264		<a href="#">31</a>
(5,675)	Impairment of Short Term Debtors	(7,776)		<a href="#">31</a>
35,391	Cash & Cash Equivalents	68,569		<a href="#">Cash Flow</a>
<b>236,053</b>	<b>Total Current Assets</b>		<b>185,763</b>	
<b>1,403,399</b>	<b>TOTAL ASSETS</b>		<b>1,431,545</b>	
	<b>CURRENT LIABILITIES</b>			
(94,707)	Short Term Borrowing	(31,229)		<a href="#">27</a>
(8,851)	Other Short Term Liabilities	(9,507)		<a href="#">27</a>
(54,362)	Short Term Creditors	(49,077)		<a href="#">32</a>
(7,184)	Short Term Provisions	(6,380)		<a href="#">34</a>
(19,724)	Capital Grants Receipts in Advance	(17,699)		<a href="#">33</a>
(2,230)	Revenue Grants Receipts in Advance	(8,152)		<a href="#">33</a>
<b>(187,058)</b>	<b>Total Current Liabilities</b>		<b>(122,044)</b>	
	<b>LONG TERM LIABILITIES</b>			
(571,563)	Long Term Borrowing	(645,650)		<a href="#">27</a>
(210,922)	Other Long Term Liabilities	(202,861)		<a href="#">27</a>
(3,736)	Long Term Provisions	(3,725)		<a href="#">34</a>
(450,259)	Retirement Benefit Obligations	(401,962)		<a href="#">37</a>
<b>(1,236,480)</b>	<b>Total Long Term Liabilities</b>		<b>(1,254,198)</b>	
<b>(1,423,538)</b>	<b>TOTAL LIABILITIES</b>		<b>(1,376,242)</b>	
<b>(20,139)</b>	<b>NET ASSETS / (LIABILITIES)</b>		<b>55,303</b>	

Continued overleaf

## STATEMENT OF ACCOUNTS 2019/20

### BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020 (CONTINUED)

2018/19 £000s		2019/20 £000s	2019/20 £000s	Note / Statement
	<b>USEABLE RESERVES:</b>			
130,114	- General Fund	133,875		<a href="#">4 / MIRS</a>
37,074	- Housing Revenue Account	31,817		<a href="#">4 / MIRS / HRA</a>
15,071	- Useable Capital Receipts Reserve	16,810		<a href="#">MIRS</a>
10,807	- Major Repairs Reserve	14,821		<a href="#">MIRS</a>
5,796	- Capital Grant Unapplied Reserve	8,854		<a href="#">MIRS</a>
<b>198,862</b>	<b>TOTAL USEABLE RESERVES</b>		<b>206,177</b>	
	<b>UNUSABLE RESERVES:</b>			
(2,714)	- Capital Adjustment Account	(24,780)		<a href="#">5</a>
61	- Deferred Capital Receipts Reserve	60		<a href="#">5</a>
(12,693)	- Financial Instruments Adjustment Account	(12,057)		<a href="#">5</a>
(458,793)	- Pensions Reserve	(401,962)		<a href="#">5</a>
(263)	- Financial Instrument Revaluation Reserve	(320)		<a href="#">5</a>
240,484	- Revaluation Reserve	271,208		<a href="#">5</a>
(3,145)	- Accumulated Absences Account	(3,007)		<a href="#">5</a>
18,062	- Collection Fund Adjustment Account	19,984		<a href="#">5</a>
<b>(219,001)</b>	<b>TOTAL UNUSABLE RESERVES</b>		<b>(150,874)</b>	
<b>(20,139)</b>	<b>TOTAL RESERVES</b>		<b>55,303</b>	

I certify that these accounts were placed on account with the Council's external auditors, Grant Thornton LLP on 30<sup>th</sup> June 2020.

Mayor Cllr. xx

Date:

# STATEMENT OF ACCOUNTS 2019/20

## CASH FLOW STATEMENT

2018/19 £000s		2019/20 £000s	2019/20 £000s	Note
<b>45,305</b>	<b>Net (Surplus) / Deficit on Provision of Services</b>		<b>32,266</b>	<a href="#">CI&amp;ES</a>
	<b><u>Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:</u></b>			
(73,986)	- Depreciation & Impairment	(79,136)		
(30,374)	- Pension Fund Adjustments	(19,024)		
(42,374)	- Carrying Amount of Non-Current Assets Sold	(16,652)		
(1,782)	- (Increase) / Decrease in Provisions	815		
(85)	- Increase / (Decrease) in Inventories	32		
(8,605)	- Increase / (Decrease) in Debtors	17,204		
(7,879)	- (Increase) / Decrease in Creditors	3,144		
1,075	- Other Non-Cash Adjustments	644		
<b>(164,010)</b>			<b>(92,973)</b>	
	<b><u>Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing &amp; Financing Activities:</u></b>			
27,841	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	25,289		
(2,075)	- Premiums Paid on Early Settlement of Debt	-		
11,196	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	10,558		
<b>36,962</b>			<b>35,847</b>	
	<b><u>Adjustments for Items Not Included in the Net (Surplus) or Deficit on the Provision of Services that are Operating Activities:</u></b>			
-	- Pension Deficit Upfront Payment	-		
-			-	
<b>(81,743)</b>	<b>Net Cash (Inflow) / Outflow From Operating Activities</b>		<b>(24,860)</b>	
172,029	<b>Net Cash (Inflow) / Outflow From Investing Activities</b>		(4,705)	<a href="#">39</a>
(91,115)	<b>Net Cash (Inflow) / Outflow From Financing Activities</b>		(3,613)	<a href="#">40</a>
<b>(829)</b>	<b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b>		<b>(33,178)</b>	

<b>34,562</b>	<b>Cash &amp; Cash Equivalents as at 1<sup>st</sup> April</b>	<b>35,391</b>
829	Net Increase / (Decrease) in Cash & Cash Equivalents	33,178
<b>35,391</b>	<b>Cash &amp; Cash Equivalents as at 31<sup>st</sup> March</b>	<b>68,569</b>
	<b>Made Up Of The Following Elements:</b>	
2	Cash Held By The Council	2
(6,420)	Cash in Transit *	(5,345)
3,687	Bank Current Accounts	(1,103)
38,122	Short Term Deposits With Financial Institutions	75,015
<b>35,391</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>68,569</b>

\* 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 2019/20**  
**SECTION 5 – NOTES TO THE CORE FINANCIAL STATEMENTS**

**THE EXPENDITURE AND FUNDING ANALYSIS**

2018/19				2019/20		
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
71,265	20,738	92,003	Children's Services	38,895	13,987	52,882
37,560	33,325	70,885	Place	38,916	35,220	74,136
(22,830)	22,012	(818)	Housing Revenue Account	(18,018)	20,930	2,912
17,231	5,328	22,559	Adults & Communities	52,057	4,343	56,400
(369)	739	370	Public Health	4,397	355	4,752
(14,499)	4,085	(10,414)	Core Services	(6,304)	4,701	(1,603)
(12,187)	(130)	(12,317)	Corporate Services	(18,324)	22	(18,302)
<b>76,171</b>	<b>86,097</b>	<b>162,268</b>	<b>Net Cost of Services</b>	<b>91,619</b>	<b>79,558</b>	<b>171,177</b>
431	32,848	33,279	Other Operating Income & Expenditure	436	7,760	8,196
41,669	9,455	51,124	Financing & Investment Income & Expenditure	41,708	10,446	52,154
(170,666)	(30,700)	(201,366)	Taxation & Non Specific Grant Income	(172,050)	(27,211)	(199,261)
<b>(52,395)</b>	<b>97,700</b>	<b>45,305</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(38,287)</b>	<b>70,553</b>	<b>32,266</b>
62,517	(62,517)	-	Below the Line Items	39,783	(39,783)	-
<b>10,122</b>	<b>35,183</b>	<b>45,305</b>	<b>TOTAL</b>	<b>1,496</b>	<b>30,770</b>	<b>32,266</b>
<a href="#">Note 1 / MIRS</a>	<b>Split Between:</b>	<a href="#">CI&amp;ES</a>		<a href="#">Note 1 / MIRS</a>	<b>Split Between:</b>	<a href="#">CI&amp;ES</a>
General Fund	29,579			General Fund	23,880	
HRA	5,604			HRA	6,890	
	<b>35,183</b>				<b>30,770</b>	
	<a href="#">Note 2 / Note 3 / MIRS</a>				<a href="#">Note 2 / Note 3 / MIRS</a>	

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2018/19			Movement on Reserves:	2019/20		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000s	£000s	£000s		£000s	£000s	£000s
<b>135,793</b>	<b>41,517</b>	<b>177,310</b>	<b>Opening Balances as at 1<sup>st</sup> April</b>	<b>130,114</b>	<b>37,074</b>	<b>167,188</b>
(5,679)	(4,443)	<b>(10,122)</b>	Plus/(Less) Surplus or (Deficit) on General Fund & HRA Balances in Year	3,761	(5,257)	<b>(1,496)</b>
<b>130,114</b>	<b>37,074</b>	<b>167,188</b>	<b>Closing Balances as at 31<sup>st</sup> March</b>	<b>133,875</b>	<b>31,817</b>	<b>165,692</b>
<a href="#">Note 4 / MIRS</a>	<a href="#">Note 4 / MIRS</a>	<a href="#">Note 4 / MIRS</a>		<a href="#">Note 4 / MIRS</a>	<a href="#">Note 4 / MIRS</a>	<a href="#">Note 4 / MIRS</a>

# STATEMENT OF ACCOUNTS 2019/20

## 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. The respective adjustments are outlined in the explanatory notes in the pages overleaf.
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<b>Adjustments from Management Accounts to Financial Reporting Format</b>	<b>2019/20</b>				
	Management Accounts as Per Final Accounts Report (Note 1)	Items Not Included in Net Cost of Services (Note 2)	Items Not Included Within The CI&ES (Note 3)	Corporate Funding / Expenditure (Note 4)	Net Expenditure Chargeable to the General Fund and HRA Balances (Note 5)
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Children’s Services	38,895	-	-	-	38,895
Place	37,936	980	-	-	38,916
Housing Revenue Account	-	(10,068)	(7,950)	-	(18,018)
Adults & Communities	52,049	8	-	-	52,057
Public Health	4,397	-	-	-	4,397
Core Services	(6,613)	324	(15)	-	(6,304)
Corporate Services	38,638	(30,401)	(26,561)	-	(18,324)
<b>Net Cost of Services</b>	<b>165,302</b>	<b>(39,157)</b>	<b>(34,526)</b>	<b>-</b>	<b>91,619</b>
Other Operating Income & Expenditure	-	-	-	436	436
Financing & Investment Income & Expenditure	-	41,708	-	-	41,708
Taxation & Non Specific Grant Income	-	(2,551)	-	(169,499)	(172,050)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>165,302</b>	<b>-</b>	<b>(34,526)</b>	<b>(169,063)</b>	<b>(38,287)</b>
Below the Line Items	-	-	34,526	5,257	39,783
<b>TOTAL NET EXPENDITURE</b>	<b>165,302</b>	<b>-</b>	<b>-</b>	<b>(163,806)</b>	<b>1,496</b>

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## STATEMENT OF ACCOUNTS 2019/20

<b>Adjustments from Management Accounts to Financial Reporting Format</b>	<b>2018/19</b>				
	Management Accounts as Per Final Accounts Report (Note 1)	Items Not Included in Net Cost of Services (Note 2)	Items Not Included Within The CI&ES (Note 3)	Corporate Funding / Expenditure (Note 4)	Net Expenditure Chargeable to the General Fund and HRA Balances (Note 5)
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Children's Services	71,256	9	-	-	71,265
Place	36,836	724	-	-	37,560
Housing Revenue Account	-	(11,094)	(11,736)	-	(22,830)
Adults & Communities	17,089	142	-	-	17,231
Public Health	(369)	-	-	-	(369)
Core Services	(14,593)	109	(15)	-	(14,499)
Corporate Services	64,447	(30,312)	(46,322)	-	(12,187)
<b>Net Cost of Services</b>	<b>174,666</b>	<b>(40,422)</b>	<b>(58,073)</b>	<b>-</b>	<b>76,171</b>
Other Operating Income & Expenditure	-	-	-	431	431
Financing & Investment Income & Expenditure	-	41,669	-	-	41,669
Taxation & Non Specific Grant Income	-	(1,247)	-	(169,419)	(170,666)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>174,666</b>	<b>-</b>	<b>(58,073)</b>	<b>(168,988)</b>	<b>(52,395)</b>
Below the Line Items	-	-	58,073	4,444	62,517
<b>TOTAL NET EXPENDITURE</b>	<b>174,666</b>	<b>-</b>	<b>-</b>	<b>(164,544)</b>	<b>10,122</b>

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### **Adjustments From Management Accounts to Financial Reporting Format – Explanatory Notes**

#### Note 1: 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 2: 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;
- **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;



## STATEMENT OF ACCOUNTS 2019/20

- **Taxation & Non-Specific Grant Income & Expenditure** – relates to non-specific grant received and accounted for within service budgets from a management accounts perspective.

### Note 3: 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. Also included is the accounting recognition of the element of the pension deficit payment and the adjustment in relation to financial instruments.

### Note 4: 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 5: 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 the details of both types of reserves in [Note 3](#).

## STATEMENT OF ACCOUNTS 2019/20

### 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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<b><u>Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts</u></b>	<b>2019/20</b>			
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	<b>Total Adjustments</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Children's Services	9,827	4,550	(390)	<b>13,987</b>
Place	33,658	1,489	73	<b>35,220</b>
Housing Revenue Account	20,930	-	-	<b>20,930</b>
Adults & Communities	3,443	884	16	<b>4,343</b>
Public Health	-	344	11	<b>355</b>
Core Services	3,260	1,290	151	<b>4,701</b>
Corporate Services	-	21	1	<b>22</b>
<b>Net Cost of Services</b>	<b>71,118</b>	<b>8,578</b>	<b>(138)</b>	<b>79,558</b>
Other Operating Income & Expenditure	7,760	-	-	<b>7,760</b>
Financing & Investment Income & Expenditure	-	10,446	-	<b>10,446</b>
Taxation & Non Specific Grant Income	(25,289)	-	(1,922)	<b>(27,211)</b>
<b>Difference Between General Fund /HRA Surplus or Deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>53,589</b>	<b>19,024</b>	<b>(2,060)</b>	<b>70,553</b>
Below the Line Items	(30,613)	(8,534)	(636)	<b>(39,783)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>22,976</b>	<b>10,490</b>	<b>(2,696)</b>	<b>30,770</b>

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## STATEMENT OF ACCOUNTS 2019/20

<b><u>Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts</u></b>	<b>2018/19</b>			
	Adjustments for Capital Purposes (Note 1)	Net Change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	<b>Total Adjustments</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Children's Services	7,374	12,674	690	<b>20,738</b>
Place	30,179	3,262	(116)	<b>33,325</b>
Housing Revenue Account	22,012	-	-	<b>22,012</b>
Adults & Communities	3,267	2,151	(90)	<b>5,328</b>
Public Health	-	749	(10)	<b>739</b>
Core Services	2,101	2,062	(78)	<b>4,085</b>
Corporate Services	-	21	(151)	<b>(130)</b>
<b>Net Cost of Services</b>	<b>64,933</b>	<b>20,919</b>	<b>245</b>	<b>86,097</b>
Other Operating Income & Expenditure	32,848	-	-	<b>32,848</b>
Financing & Investment Income & Expenditure	-	9,455	-	<b>9,455</b>
Taxation & Non Specific Grant Income	(27,841)	-	(2,859)	<b>(30,700)</b>
<b>Difference Between General Fund /HRA Surplus or Deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>69,940</b>	<b>30,374</b>	<b>(2,614)</b>	<b>97,700</b>
Below the Line Items	(54,652)	(8,970)	1,105	<b>(62,517)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>15,288</b>	<b>21,404</b>	<b>(1,509)</b>	<b>35,183</b>

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### **Adjustments between Funding and Accounting Basis per Directorate – Explanatory Notes**

#### **Note 1: 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.
- **Financing & Investment Income & Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **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.

## STATEMENT OF ACCOUNTS 2019/20

### Note 2: 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.

### Note 3: 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.

# STATEMENT OF ACCOUNTS 2019/20

## NOTES PRIMARILY RELATING TO THE MOVEMENT IN RESERVES STATEMENT

<b>Note 3 – Adjustments Between Accounting Basis and Funding Basis Under Regulations</b>	
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.

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 2019/20

**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
<b>2019/20 Adjustments</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Adjustments to Revenue Resources</b>						
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> )	10,490	-	-	-	-	(10,490)
Financial Instruments ( <i>Transferred to the Financial Instruments Adjustments Account</i> )	(544)	(92)	-	-	-	636
Council Tax and NDR ( <i>Transfers to or from Collection Fund</i> )	(1,922)	-	-	-	-	1,922
Holiday Pay ( <i>Transferred to the Accumulated Absences Reserve</i> )	(138)	-	-	-	-	138
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> )	61,292	26,478	-	14,886	-	(102,656)
<b>Sub Total – Adjustments to Revenue Resources</b>	<b>69,178</b>	<b>26,386</b>	<b>-</b>	<b>14,886</b>	<b>-</b>	<b>(110,450)</b>
<b>Adjustments Between Revenue and Capital Resources</b>						
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(4,177)	(6,573)	10,750	-	-	-
Administrative Costs of Non-Current Asset Disposals ( <i>Funded by a Contribution from the Capital Receipts Reserve</i> )	-	192	(192)	-	-	-
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	-	(5,852)	-	5,852	-	-
Statutory Provision for the Repayment of Debt ( <i>Transfer from the Capital Adjustment Account</i> )	(7,486)	-	-	-	-	7,486
Capital Expenditure Financed from Revenue Balances ( <i>Transfer to the Capital Adjustment Account</i> )	(10,012)	(7,263)	-	-	-	17,275
<b>Sub Total – Adjustments Between Revenue &amp; Capital Resources</b>	<b>(20,009)</b>	<b>(19,496)</b>	<b>8,892</b>	<b>5,852</b>	<b>-</b>	<b>24,761</b>
<b>Adjustments to Capital Resources</b>						
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	-	(6,859)	-	-	6,859
Use of the Major Repairs Reserve to Finance Capital Expenditure	-	-	-	(16,724)	-	16,724
Application of Capital Grants to Finance Capital Expenditure / Write Down Debt	(18,266)	-	-	-	(3,965)	22,231
Capital Grants Recognised, Not Yet Applied	(7,023)	-	-	-	7,023	-
Use of Resources to Write Down Debt	-	-	(461)	-	-	461
Receipts Received Relating to Loans/Investments Repaid in Year, Originally Funded From Capital Resources	-	-	166	-	-	(166)
Cash Payments in Relation to Deferred Capital Receipts	-	-	1	-	-	(1)
<b>Sub Total – Adjustments to Capital Resources</b>	<b>(25,289)</b>	<b>-</b>	<b>(7,153)</b>	<b>(16,724)</b>	<b>3,058</b>	<b>46,108</b>
<b>Total Adjustments</b>	<b>23,880</b>	<b>6,890</b>	<b>1,739</b>	<b>4,014</b>	<b>3,058</b>	<b>(39,581)</b>

MIRS / EFA

MIRS / EFA

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## STATEMENT OF ACCOUNTS 2019/20

**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
<b>2018/19 Adjustments</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b><u>Adjustments to Revenue Resources</u></b>						
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> )	21,404	-	-	-	-	(21,404)
Financial Instruments ( <i>Transferred to the Financial Instruments Adjustments Account</i> )	177	928	-	-	-	(1,105)
Council Tax and NDR ( <i>Transfers to or from Collection Fund</i> )	(2,859)	-	-	-	-	2,859
Holiday Pay ( <i>Transferred to the Accumulated Absences Reserve</i> )	245	-	-	-	-	(245)
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> )	79,257	28,050	-	12,383	-	(119,690)
<b>Sub Total – Adjustments to Revenue Resources</b>	<b>98,224</b>	<b>28,978</b>	<b>-</b>	<b>12,383</b>	<b>-</b>	<b>(139,585)</b>
<b><u>Adjustments Between Revenue and Capital Resources</u></b>						
Transfer of Non-Current Asset Sale Proceeds from Revenue to the Capital Receipts Reserve	(4,931)	(6,461)	11,392	-	-	-
Administrative Costs of Non-Current Asset Disposals ( <i>Funded by a Contribution from the Capital Receipts Reserve</i> )	-	195	(195)	-	-	-
Payments to the Government Housing Receipts Pool ( <i>Funded by a Transfer from the Capital Receipts Reserve</i> )	1,671	-	(1,671)	-	-	-
Posting of HRA Resources from Revenue to the Major Repairs Reserve	-	(8,944)	-	8,944	-	-
Statutory Provision for the Repayment of Debt ( <i>Transfer from the Capital Adjustment Account</i> )	(7,261)	-	-	-	-	7,261
Capital Expenditure Financed from Revenue Balances ( <i>Transfer to the Capital Adjustment Account</i> )	(30,283)	(8,164)	-	-	-	38,447
<b>Sub Total – Adjustments Between Revenue &amp; Capital Resources</b>	<b>(40,804)</b>	<b>(23,374)</b>	<b>9,526</b>	<b>8,944</b>	<b>-</b>	<b>45,708</b>
<b><u>Adjustments to Capital Resources</u></b>						
Use of the Capital Receipts Reserve to Finance Capital Expenditure	-	-	(5,805)	-	-	5,805
Use of the Major Repairs Reserve to Finance Capital Expenditure	-	-	-	(14,718)	-	14,718
Application of Capital Grants to Finance Capital Expenditure / Write Down Debt	(25,531)	-	-	-	(776)	26,307
Capital Grants Recognised, Not Yet Applied	(2,310)	-	-	-	2,310	-
Use of Resources to Write Down Debt	-	-	(837)	-	-	837
Receipts Received Relating to Loans/Investments Repaid in Year, Originally Funded From Capital Resources	-	-	-	-	-	-
Cash Payments in Relation to Deferred Capital Receipts	-	-	1	-	-	(1)
<b>Sub Total – Adjustments to Capital Resources</b>	<b>(27,841)</b>	<b>-</b>	<b>(6,641)</b>	<b>(14,718)</b>	<b>1,534</b>	<b>47,666</b>
<b>Total Adjustments</b>	<b>29,579</b>	<b>5,604</b>	<b>2,885</b>	<b>6,609</b>	<b>1,534</b>	<b>(46,211)</b>
	<u>MIRS / EFA</u>	<u>MIRS / EFA</u>	<u>MIRS</u>	<u>MIRS</u>	<u>MIRS</u>	<u>MIRS</u>

## STATEMENT OF ACCOUNTS 2019/20

<b>Note 4 – General Fund and Housing Revenue Account Reserves</b>	
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:	<a href="#">Accounting Policy 26</a>

	Balance at 31 <sup>st</sup> March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 <sup>st</sup> March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 <sup>st</sup> March 2020
<b>General Fund :</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Service Earmarked Reserves :</b>							
<b>People Directorate:</b>							
School Balances	2,894	(2,894)	2,335	2,335	(2,335)	2,051	2,051
Centrally Retained DSG Budgets	(5,178)	5,178	-	-	-	(5,224)	(5,224)
CCG Funding	169	(169)	2,205	2,205	(2,205)	-	-
Future Demography / Social Care Pressures	2,863	(616)	7,753	10,000	-	-	10,000
Other People Directorate Earmarkings	1,508	(1,008)	3,838	4,338	(2,450)	4,577	6,465
<b>Place Directorate:</b>							
Jobs & Growth Plan	634	(90)	-	544	(247)	-	297
Moorland Plastics	-	-	-	-	-	-	-
Waste Disposal - Transfer Loading Station	891	(891)	651	651	(651)	348	348
Other Place Directorate Earmarkings	1,742	(1,592)	4,724	4,874	(3,301)	1,819	3,392
<b>Communities Directorate:</b>							
Transformational Funding	97	(97)	62	62	(62)	-	-
Area Council Funding	1,145	(1,145)	1,100	1,100	(1,100)	1,088	1,088
Healthier Communities - Think Family	1,067	(1,067)	-	-	-	-	-
Libraries Review	1,000	-	-	1,000	-	-	1,000
Other Communities Directorate Earmarkings	2,292	(2,157)	4,055	4,190	(3,692)	2,379	2,877
<b>Public Health Directorate:</b>							
Public Health Grant	1,868	(1,868)	2,629	2,629	(2,629)	-	-
Other Public Health Earmarkings	-	-	2,000	2,000	(2,000)	1,267	1,267
<b>Core Services Directorate:</b>							
PFI / BSF Programme	6,034	(591)	204	5,647	(204)	571	6,014
Town Centre Management	1,000	-	250	1,250	(212)	-	1,038
Other Core Services Directorate Earmarkings	2,565	(2,433)	5,216	5,348	(1,516)	1,441	5,273
<b>Corporate Earmarked Reserves :</b>							
<b>Capital Programme Earmarkings:</b>							
Glassworks Scheme	32,628	(25,279)	11,775	19,124	(3,916)	-	15,208
Future Council Priorities	29,840	(11,059)	4,090	22,871	(4,837)	6,838	24,872
Other Capital Commitments	-	-	-	-	-	4,000	4,000
<b>Corporate Earmarkings</b>							
Revenue Investments – 20/21 Budgets	-	-	-	-	(453)	718	265
Future Council – Downsizing Costs / KLOE Mitigation	16,000	(6,392)	-	9,608	(4,739)	-	4,869
Insurance Fund Reserve	5,324	-	876	6,200	-	503	6,703
Invest to Grow	1,556	(792)	293	1,057	(757)	317	617
Commercial Fund	-	-	-	-	(140)	500	360
MRP Future Years	2,356	-	1,691	4,047	-	1,976	6,023
COVID-19 - Recovery Strategy	-	-	-	-	-	1,909	1,909
COVID-19 - Grant	-	-	-	-	-	6,736	6,736
Other Corporate Earmarkings	3,575	(2,595)	2,317	3,297	(823)	3,953	6,427
<b>Sub Total – G/F Earmarked Reserves</b>	<b>113,870</b>	<b>(57,557)</b>	<b>58,064</b>	<b>114,377</b>	<b>(38,269)</b>	<b>37,767</b>	<b>113,875</b>
<b>Non-Earmarked Reserves :</b>							
Minimum Working Balances (Contingency for Unforeseen Events)	15,000	-	-	15,000	-	5,000	20,000
In Year Surplus	6,923	(6,923)	737	737	(737)	-	-
<b>Sub Total – G/F Non-Earmarked Reserves</b>	<b>21,923</b>	<b>(6,923)</b>	<b>737</b>	<b>15,737</b>	<b>(737)</b>	<b>5,000</b>	<b>20,000</b>
<b>Total – General Fund Reserves</b>	<b>135,793</b>	<b>(64,480)</b>	<b>58,801</b>	<b>130,114</b>	<b>(39,006)</b>	<b>42,767</b>	<b>133,875</b>
<b>Total General Fund Movement</b>		<b>(5,679)</b>			<b>3,761</b>		<b>Balance Sheet</b>
		<a href="#">EFA / MIRS</a>			<a href="#">EFA / MIRS</a>		<a href="#">Balance Sheet</a>



## STATEMENT OF ACCOUNTS 2019/20

	Balance at 31 <sup>st</sup> March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 <sup>st</sup> March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 <sup>st</sup> March 2020
<b>Housing Revenue Account :</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Earmarked Reserves :</b>							
Capital Reserve	9,307	(5,722)	-	3,585	(3,585)	-	-
Housing Growth	14,111	(1,741)	6,293	18,663	(2,682)	3,247	19,228
Welfare Reform	3,000	-	-	3,000	-	-	3,000
Higher Value Sales Levy	2,501	(2,501)	-	-	-	-	-
Budget Developments 2018/19	500	(500)	-	-	-	-	-
New Build Bungalows	2,306	(884)	-	1,422	(1,041)	-	381
Held Pending Review of 30 Year Business Plan	-	-	3,000	3,000	(2,126)	-	874
Homelessness Act Team	-	-	200	200	(200)	-	-
Repairs & Maintenance Slippage 2018/19	-	-	120	120	(120)	-	-
COVID-19 Financial Recovery	-	-	-	-	-	590	590
Electrical Testing	-	-	452	452	-	100	552
Legionella Testing	-	-	185	185	(93)	-	92
Asbestos Programme	-	-	-	-	-	100	100
<b>Sub Total – HRA Earmarked Reserves</b>	<b>31,725</b>	<b>(11,348)</b>	<b>10,250</b>	<b>30,627</b>	<b>(9,847)</b>	<b>4,037</b>	<b>24,817</b>
<b>Non-Earmarked Reserves :</b>							
Minimum Working Balances (Contingency for Unforeseen Events)	3,500	-	1,700	5,200	-	1,800	7,000
Unallocated Reserves	4,895	(4,895)	-	-	-	-	-
In Year Surplus	1,397	(1,397)	1,247	1,247	(1,247)	-	-
<b>Sub Total – HRA Non-Earmarked Reserves</b>	<b>9,792</b>	<b>(6,292)</b>	<b>2,947</b>	<b>6,447</b>	<b>(1,247)</b>	<b>1,800</b>	<b>7,000</b>
<b>Total – HRA Reserves</b>	<b>41,517</b>	<b>(17,640)</b>	<b>13,197</b>	<b>37,074</b>	<b>(11,094)</b>	<b>5,837</b>	<b>31,817</b>
<b>Total HRA Movement</b>		<b>(4,443)</b>			<b>(5,257)</b>		<a href="#">Balance Sheet / HRA</a>
		<a href="#">EFA / MIRS</a>			<a href="#">EFA / MIRS</a>		

### 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 <sup>st</sup> March 2018 £000s	31 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s
18,222	(2,714)	Capital Adjustment Account	(24,780)
62	61	Deferred Capital Receipts Reserve	60
(11,588)	(12,693)	Financial Instruments Adjustment Account	(12,057)
(393,603)	(458,793)	Pensions Reserve	(401,962)
-	(263)	Financial Instrument Revaluation Reserve	(320)
197,137	240,484	Revaluation Reserve	271,208
(2,900)	(3,145)	Accumulated Absences Account	(3,007)
15,203	18,062	Collection Fund Adjustment Account	19,984
<b>(177,467)</b>	<b>(219,001)</b>	<b>Total Unusable Reserves</b>	<b>(150,874)</b>

[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.

The Account contains accumulated gains and losses on Investment Properties and gains on donated assets that have yet to be consumed by the Council.

## STATEMENT OF ACCOUNTS 2019/20

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> 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.

2018/19		2019/20	
£000s		£000s	£000s
<b>18,222</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(2,714)</b>
	<b>Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income &amp; Expenditure Statement :</b>		
(73,118)	- Charges for Depreciation & Impairment of Non-Current Assets	(78,896)	
(550)	- Amortisation of Intangible Assets	(241)	
(3,649)	- Revenue Expenditure Funded From Capital Under Statute	(6,868)	
(42,374)	- Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	(16,652)	
<b>(119,691)</b>			<b>(102,657)</b>
<b>5,383</b>	Adjusting Amount Written Out to the Revaluation Reserve		<b>9,721</b>
<b>(114,308)</b>	<b>Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year</b>		<b>(92,936)</b>
	<b>Capital Financing Applied in Year :</b>		
5,805	- Use of the Capital Receipts Reserve to Finance New Expenditure	6,860	
901	- Use of the Capital Receipts Reserve to Write Down Debt Requirement	461	
25,530	- Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to Capital Financing / Write Down Debt	18,266	
14,718	- Use of Major Repairs Reserve to Finance New Capital Expenditure	16,723	
775	- Application of Grants to Capital Financing From Capital Grants Unapplied Account	3,965	
7,261	- Statutory Provision for the Financing of Capital Investment Charged Against the General Fund & HRA Balances	7,486	
38,447	- Capital Expenditure Charged Against the General Fund & HRA Balances	17,275	
<b>93,437</b>			<b>71,036</b>
-	Movement in the Market Value of Investment Properties Debited / Credited to the Comprehensive Income & Expenditure Statement	-	
(65)	Receipts Received Relating to Loans, Advances & Investments Made By The Council, Originally Funded From Capital Resources, Thus Reducing The Ongoing Requirement to Borrow	(166)	
<b>(65)</b>			<b>(166)</b>
<b>(2,714)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(24,780)</b>

### 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.

2018/19		2019/20
£000s		£000s
<b>62</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>61</b>
-	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)
<b>61</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>60</b>

### 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

## STATEMENT OF ACCOUNTS 2019/20

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 31<sup>st</sup> March 2019 will be charged to the General Fund over the next 38 years.

2018/19 £000s		2019/20	
		£000s	£000s
<b>(11,588)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(12,693)</b>
(2,075)	Premiums Incurred in the Year & Charged to the Comprehensive Income & Expenditure Statement	-	
970	Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance With Statutory Requirements	636	
<b>(1,105)</b>	<b>Amount by Which Finance Costs Charged to the Comprehensive Income &amp; Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements</b>		<b>636</b>
<b>(12,693)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(12,057)</b>

### 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.

2018/19 £000s		2019/20	
		£000s	£000s
<b>(393,603)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(458,793)</b>
(43,789)	Actuarial Gains or (Losses) on Pensions Assets & Liabilities	67,320	<a href="#">CI&amp;ES</a>
(47,433)	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	(36,252)	
26,032	Employer's Pensions Contributions	25,763	
<b>(458,793)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(401,962)</b>

### 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.

## STATEMENT OF ACCOUNTS 2019/20

2018/19 £000s		2019/20	
		£000s	£000s
-	<b>Balance at 1<sup>st</sup> April</b>		<b>(263)</b>
-	Upward Revaluation of Investments	-	
(263)	Downward Revaluation of Investments	(57)	
-	Change in Impairment Loss Allowance	-	
<b>(263)</b>			<b>(57)</b>
-	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	-	
-			-
<b>(263)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(320)</b>

### Revaluation Reserve

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 1<sup>st</sup> 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.

2018/19 £000s		2019/20	
		£000s	£000s
<b>197,137</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>240,484</b>
54,764	Upward Revaluation of Assets	47,441	
(5,067)	Downward Revaluation of Assets & Impairment Losses Not Charged to the Surplus / Deficit on the Provision of Services	(6,319)	
(967)	Reversal Of Revaluation Loss (Net of Depreciation)	(677)	
<b>48,730</b>	<b>Surplus or Deficit on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services</b>		<b>40,445</b>
(5,175)	Difference Between Fair Value Depreciation & Historical Cost Depreciation	(6,207)	
-	Revaluation Reserve Balances of Investment Properties Written Out on Transfer of Asset Category	-	
(208)	Accumulated Gains on Assets Sold or Scrapped	(3,514)	
<b>(5,383)</b>	<b>Amount Written Off to the Capital Adjustment Account</b>		<b>(9,721)</b>
<b>240,484</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>271,208</b>

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## STATEMENT OF ACCOUNTS 2019/20

### 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 31<sup>st</sup> March 2020. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.

2018/19		2019/20	
£000s		£000s	£000s
<b>(2,900)</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>(3,145)</b>
2,900	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	3,145	
(3,145)	Amounts Accrued at the End of the Current Year	(3,007)	
<b>(245)</b>	<b>Amount By Which Officer Remuneration Charged to the Comprehensive Income &amp; Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance With Statutory Requirements</b>		<b>138</b>
<b>(3,145)</b>	<b>Balance at 31<sup>st</sup> March</b>		<b>(3,007)</b>

### Collection Fund Adjustment Account

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.

2018/19		2019/20	
£000s		£000s	
<b>15,203</b>	<b>Balance at 1<sup>st</sup> April</b>		<b>18,062</b>
2,859	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	1,922	
<b>18,062</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>19,984</b>	<a href="#">Collection Fund</a>

# STATEMENT OF ACCOUNTS 2019/20

## NOTES PRIMARILY RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

### Note 6 – Expenditure & Income Analysed By Nature

Description:	This note shows the Surplus or Deficit on the Provision of Services within the CIES on both a subjective and segmental basis.
Relevant Accounting Policies:	<a href="#">Accounting Policy 2</a>

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

<b>Expenditure / Income</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000s</b>	<b>£000s</b>
<b>Expenditure:</b>		
Employee Benefits Expenses	194,852	174,054
Other Services Expenses	294,500	317,810
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	77,316	86,004
Interest Payments	53,228	53,717
Precepts & Levies	431	436
Payments to Housing Capital Receipts Pool	1,671	1,666
Write Out NBV Relating to the Disposal of Assets	42,374	16,652
<b>Total Expenditure</b>	<b>664,372</b>	<b>650,339</b>
<b>Income:</b>		
Fees, Charges & Other Service Income	(137,463)	(139,691)
Interest & Investment Income	(1,772)	(2,177)
Income From Council Tax & Non-Domestic Rates	(118,028)	(124,040)
Government Grants & Contributions	(350,607)	(341,607)
Sale Proceeds Relating to the Disposal of Assets	(11,197)	(10,558)
<b>Total Income</b>	<b>(619,067)</b>	<b>(618,073)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>45,305</b>	<b>32,266</b>

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[Note 15](#)

### 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.

<b>TOTAL EXPENDITURE</b>	<b>2019/20</b>							<b>TOTAL</b>
	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	76,493	66,964	9,827	-	-	-	-	<b>153,284</b>
Place	33,269	38,940	33,658	-	-	-	-	<b>105,867</b>
HRA	776	38,290	35,816	10,374	-	-	-	<b>85,256</b>
Adults & Communities	19,455	73,857	3,443	-	-	-	-	<b>96,755</b>
Public Health	7,053	5,486	-	-	-	-	-	<b>12,539</b>
Core Services	29,682	72,768	3,260	2	-	-	-	<b>105,712</b>
Corporate Services	7,326	21,505	-	32,895	-	-	-	<b>61,726</b>
Non Directorate		-		10,446	436	1,666	16,652	<b>29,200</b>
<b>Total</b>	<b>174,054</b>	<b>317,810</b>	<b>86,004</b>	<b>53,717</b>	<b>436</b>	<b>1,666</b>	<b>16,652</b>	<b>650,339</b>

## STATEMENT OF ACCOUNTS 2019/20

<b><u>TOTAL INCOME</u></b>	<b>2019/20</b>					
	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	<b>TOTAL</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Children's Services	(5,374)	-	-	(95,027)	-	<b>(100,401)</b>
Place	(20,051)	(197)	-	(12,463)	-	<b>(32,711)</b>
HRA	(70,912)	(306)	-	(1,058)	-	<b>(72,276)</b>
Adults & Communities	(16,448)	(8)	-	(23,906)	-	<b>(40,362)</b>
Public Health	(255)	-	-	(7,532)	-	<b>(7,787)</b>
Core Services	(21,384)	(364)	-	(85,891)	-	<b>(107,639)</b>
Corporate Services	(5,267)	(1,302)	(1,190)	(41,869)	-	<b>(49,628)</b>
Non Directorate	-	-	(122,850)	(73,861)	(10,558)	<b>(207,269)</b>
<b>Total</b>	<b>(139,691)</b>	<b>(2,177)</b>	<b>(124,040)</b>	<b>(341,607)</b>	<b>(10,558)</b>	<b>(618,073)</b>

<b><u>TOTAL EXPENDITURE (Prior Year Comparator)</u></b>	<b>2018/19</b>							
	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	<b>TOTAL</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Children's Services	105,021	120,238	7,374	-	-	-	-	<b>232,633</b>
Place	33,760	38,311	30,179	-	-	-	-	<b>102,250</b>
HRA	805	35,767	34,395	11,344	-	-	-	<b>82,311</b>
Adults & Communities	21,901	16,047	3,267	-	-	-	-	<b>41,215</b>
Public Health	6,968	3,339	-	-	-	-	-	<b>10,307</b>
Core Services	20,597	77,192	2,101	2	-	-	-	<b>99,892</b>
Corporate Services	5,800	3,606	-	32,427	-	-	-	<b>41,833</b>
Non Directorate	-	-	-	9,455	431	1,671	42,374	<b>53,931</b>
<b>Total</b>	<b>194,852</b>	<b>294,500</b>	<b>77,316</b>	<b>53,228</b>	<b>431</b>	<b>1,671</b>	<b>42,374</b>	<b>664,372</b>

<b><u>TOTAL INCOME (Prior Year Comparator)</u></b>	<b>2018/19</b>					
	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	<b>TOTAL</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Children's Services	(14,947)	-	-	(125,693)	-	<b>(140,640)</b>
Place	(19,751)	(94)	-	(12,244)	-	<b>(32,089)</b>
HRA	(71,273)	(250)	-	(508)	-	<b>(72,031)</b>
Adults & Communities	(8,349)	(123)	-	(10,327)	-	<b>(18,799)</b>
Public Health	(272)	-	-	(9,665)	-	<b>(9,937)</b>
Core Services	(18,117)	(111)	-	(92,187)	-	<b>(110,415)</b>
Corporate Services	(4,754)	(1,194)	-	(17,892)	-	<b>(23,840)</b>
Non Directorate	-	-	(118,028)	(82,091)	(11,197)	<b>(211,316)</b>
<b>Total</b>	<b>(137,463)</b>	<b>(1,772)</b>	<b>(118,028)</b>	<b>(350,607)</b>	<b>(11,197)</b>	<b>(619,067)</b>

## STATEMENT OF ACCOUNTS 2019/20

### Note 7 – Revenue From Contracts With Service Recipients

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:

2018/19 £000s		2019/20 £000s
(110,698)	Revenue From Contracts With Service Recipients	(108,737)
<b>(110,698)</b>	<b>Total Included in Comprehensive Income &amp; Expenditure Statement</b>	<b>(108,737)</b>

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 2019/20, 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:	<a href="#">Accounting Policy 6</a>

#### **Material Items of Income & Expense**

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

##### COVID-19 Support Grant

During the final stages of March 2020, as a result of the COVID-19 global pandemic, the Council received £8.175M in COVID-19 Support Grant from the Government, to assist with the increased cost to the Council due to the outbreak.

This grant, which is also an exceptional item, is shown in the income of the Corporate Services line of the [Comprehensive Income & Expenditure Statement](#).

##### Westgate Plaza Acquisition

The Council purchased Westgate Plaza during 2019/20 at the acquisition price of £18.000M. The Council had been paying rent as tenant of Westgate Plaza since 2005. The opportunity arose for the Council to purchase the building which represented a financially beneficial option for the Council to purchase rather than to continue renting for the remainder of the lease term.

#### **Exceptional Items**

These exceptional items are exceptional under the definition but do not have a material net effect on the Council's statements:

##### COVID-19 Business Grant Payments

As a result of the COVID-19 pandemic, the Government announced support for businesses in terms of provision of a business grant, administered by the Council. The Council paid £12.180M of such business grants together with a corresponding grant income due, to reflect the amount due to the Council [the actual cash was paid in 2020/21].

Both the payments and income recognised in 2019/20 is included within the expenditure and income respectively, of the Corporate Services line of the [Comprehensive Income & Expenditure Statement](#).

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



## STATEMENT OF ACCOUNTS 2019/20

### 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:

2019/20	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total
<b>Assets Relating To:</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Cudworth Churchfield Primary	3,437	-	<b>3,437</b>
Mapplewell Primary	2,176	-	<b>2,176</b>
Worsborough Common Primary	4,066	-	<b>4,066</b>
<b>Total</b>	<b>9,679</b>	<b>-</b>	<b>9,679</b>

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2018/19	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Total
<b>Assets Relating To:</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Dearne ALC	16,875	-	<b>16,875</b>
Darton College	16,429	-	<b>16,429</b>
<b>Total</b>	<b>33,304</b>	<b>-</b>	<b>33,304</b>

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

## STATEMENT OF ACCOUNTS 2019/20

### 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.
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Details of those units are as follows:

2018/19		<u>Trading Service</u>	2019/20	
£000s	£000s		£000s	£000s
(1,130) 697	<b>(433)</b>	<b>Waste &amp; Recycling</b>	Turnover	(1,208)
			Expenditure	716
			<b>(Surplus)/Deficit</b>	<b>(492)</b>
(12,523) 9,361	<b>(3,162)</b>	<b>Engineering Services</b>	Turnover	(14,065)
			Expenditure	10,335
			<b>(Surplus)/Deficit</b>	<b>(3,730)</b>
(6,715) 11,732	<b>5,017</b>	<b>Building Services</b>	Turnover	(4,984)
			Expenditure	10,694
			<b>(Surplus)/Deficit</b>	<b>5,710</b>
(2,155) 3,840	<b>1,685</b>	<b>Fleet Services</b>	Turnover	(2,241)
			Expenditure	3,808
			<b>(Surplus)/Deficit</b>	<b>1,567</b>
(3,675) 3,581	<b>(94)</b>	<b>Schools Catering</b>	Turnover	(3,316)
			Expenditure	3,393
			<b>(Surplus)/Deficit</b>	<b>77</b>
(1,123) 7,221	<b>6,098</b>	<b>Information Services (Other)</b>	Turnover	(988)
			Expenditure	6,838
			<b>(Surplus)/Deficit</b>	<b>5,850</b>
(1,034) 1,203	<b>169</b>	<b>Markets</b>	Turnover	(783)
			Expenditure	824
			<b>(Surplus)/Deficit</b>	<b>41</b>
(1,824) 3,498	<b>1,674</b>	<b>Neighbourhood Services</b>	Turnover	(1,905)
			Expenditure	3,591
			<b>(Surplus)/Deficit</b>	<b>1,686</b>
(11,969) 12,798	<b>829</b>	<b>The Consolidated Results of the Other Trading Units</b>	Turnover	(11,840)
			Expenditure	12,936
			<b>(Surplus)/Deficit</b>	<b>1,096</b>
<b>(42,148)</b> <b>53,931</b>		<b>TOTALS</b>	<b>Turnover</b> <b>Expenditure</b>	<b>(41,330)</b> <b>53,135</b>
	<b>11,783</b>	<b>Net (Surplus) / Deficit on Trading Operations</b>		<b>11,805</b>

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:

2018/19 £000s		2019/20 £000s
11,783	Net Deficit on Trading Operations	11,805
2,128	Services to the Public Included in the Net Cost of Services	(4,844)
(14,560)	Support Services Recharged to Net Cost of Services	(7,706)
<b>(649)</b>	<b>Net Deficit / (Surplus) Posted to Financing &amp; Investment Income &amp; Expenditure</b>	<b>(745)</b>

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## STATEMENT OF ACCOUNTS 2019/20

### 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:	<a href="#">Accounting Policy 8</a>

During 2019/20, the Council has recognised revaluation losses of £45.145M (£41.778M in 2018/19) through the Comprehensive Income & Expenditure Statement as shown below:

2018/19 £000s	Asset Categories:	2019/20 £000s
	<b>Charged to Net Cost of Services:</b>	
21,703	Council Dwellings	20,661
18,639	Other Land & Buildings	23,493
1,026	Surplus Assets	803
410	Assets Held for Sale	188
<b>41,778</b>	<b>Total Charged to Net Cost of Services</b>	<b>45,145</b>
	<b>Charged to Financing &amp; Investment Income &amp; Expenditure:</b>	
-	Investment Properties	-
<b>-</b>	<b>Total Charged to Financing &amp; Investment Income &amp; Expenditure</b>	<b>-</b>
<b>41,778</b>	<b>Total Charged to Comprehensive Income &amp; Expenditure Statement</b>	<b>45,145</b>

### 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.

2018/19 £000s		People Directorate £000s	Revenue Account £000s	2019/20 £000s
	<b>Value of Aligned Budgets:</b>			
	Opening Balance at 1 <sup>st</sup> April			
<b>(6,002)</b>	BCCG	(6,456)	-	<b>(6,456)</b>
<b>(31,570)</b>	Barnsley MBC	(33,020)	-	<b>(33,020)</b>
<b>(37,572)</b>	<b>Total</b>	<b>(39,476)</b>	<b>-</b>	<b>(39,476)</b>
	<b>Value of Commissioned Services:</b>			
<b>3,943</b>	SWYPFT*	4,266	-	<b>4,266</b>
<b>32,406</b>	Barnsley MBC	33,960	-	<b>33,960</b>
<b>1,223</b>	BCCG	1,250	-	<b>1,250</b>
<b>(138)</b>	Balance on Revenue Account	-	278	<b>278</b>
<b>37,434</b>	<b>Total</b>	<b>39,476</b>	<b>278</b>	<b>39,754</b>
<b>(138)</b>	<b>Balance as at 31<sup>st</sup> March</b>	<b>-</b>	<b>278</b>	<b>278</b>

\*SWYPFT – South & West Yorkshire Partnership Foundation Trust.

## STATEMENT OF ACCOUNTS 2019/20

2018/19 £000s		2019/20 £000s
	<b>Distribution of Over / (Under) Spend:</b>	
(80)	BCCG	(502)
(58)	Barnsley MBC	780
<b>(138)</b>	<b>Total</b>	<b>278</b>

### Income & Expenditure Account

2018/19 £000s		2019/20 £000s
	<b>Income from Pooled Budget:</b>	
-	Balance Brought Forward	-
(37,572)	Pooled Budget Income	(39,476)
-	Other Funding	-
<b>(37,572)</b>	<b>Total</b>	<b>(39,476)</b>
	<b>Provider Expenditure:</b>	
1,143	Barnsley CCG	2,030
32,348	Barnsley MBC (CYP&F / PH)	33,458
3,943	SWYPFT	4,266
<b>37,434</b>	<b>Total</b>	<b>39,754</b>
<b>(138)</b>	<b>Over / (Under) Spend</b>	<b>278</b>
-	Ring-Fenced & Carried Forward	-
<b>(138)</b>	<b>NET EXPENDITURE</b>	<b>278</b>

### 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 2019/20 financial year.

## STATEMENT OF ACCOUNTS 2019/20

A summary of the pooled budget is shown below:

2018/19 £000s	<b>BCF Pooled Account</b>	2019/20 £000s
(2,776)	<b>Balance as at 1<sup>st</sup> April</b>	(1,388)
(18,944) (12,153)	<b>Contribution to the BCF Pool:</b> Barnsley Clinical Commissioning Group Barnsley Metropolitan Borough Council	(19,682) (16,031)
<b>(31,097)</b>	<b>Total</b>	<b>(35,713)</b>
8,846 23,639	<b>Value of Commissioned Services:</b> Barnsley Clinical Commissioning Group Barnsley Metropolitan Borough Council	28,029 9,072
<b>32,485</b>	<b>Total</b>	<b>37,101</b>
<b>(1,388)</b>	<b>Balance as at 31<sup>st</sup> March</b>	-

### 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 31<sup>st</sup> 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:

2018/19 £000s		2019/20 £000s
712	Basic Allowances	725
245	Special Responsibility Allowances	253
11	Expenses	11
<b>968</b>	<b>Total</b>	<b>989</b>

## STATEMENT OF ACCOUNTS 2019/20

### Note 13 – Officers’ Remuneration & Exit Packages

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

The table below sets out the remuneration disclosures for Senior Officers of the Council (as defined in Local Authority Accounting Panel Bulletin 85) whose salary is equal to or more than £50,000 per year:

Post	2019/20				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s
Diana Terris – Chief Executive <b>A</b>	65	-	-	4	69
Sarah Norman - Chief Executive <b>B</b>	128	-	5	19	152
Executive Director – People	143	-	-	21	164
Executive Director – Place	121	-	1	18	140
Executive Director – Communities	125	-	-	18	143
Executive Director – Public Health	112	-	-	16	128
Executive Director – Core	121	-	-	41	162
Former Director – Finance, Assets & IT <b>C</b>	-	-	-	147	147

Post	2018/19				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s
Diana Terris – Chief Executive <b>A</b>	159	-	1	89	249
Rachel Dickinson - Executive Director – People	140	-	1	21	162
Executive Director – Place	122	-	1	18	141
Executive Director – Communities	118	-	-	17	135
Executive Director – Public Health	110	-	-	16	126
Executive Director – Core Services	118	-	-	17	135
Former Director - Finance, Assets & IT <b>C</b>	-	-	-	146	146
Former Director – Human Resources, Performance & Communications <b>D</b>	-	-	-	17	17

#### Explanatory Notes:

- A** Post holder left post on 31st May 2019.
- B** Post holder commenced employment on 8th July 2019.
- C** Post holder left post on 31st March 2017. Pension costs relate to pre-agreed pension strain costs of £0.146M in 2019/20 (£0.146M in 2018/19).
- D** Post holder left post on 31st December 2016. Pension costs relate to pre-agreed pension strain costs of £0.017M in 2018/19. 2018/19 represented the final instalment of the agreement.

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)

## STATEMENT OF ACCOUNTS 2019/20

Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.)		Salary Only			Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.)		Salary Only	
2018/19 Council Officers Total	2018/19 Schools Total	2018/19 Council Officers Total		<u>Remuneration Band</u>	2019/20 Council Officers Total	2019/20 Schools Total	2019/20 Council Officers Total	
29	22	27		£50,000 - £54,999	35	18	33	
14	22	15		£55,000 - £59,999	27	12	23	
10	17	9		£60,000 - £64,999	15	12	17	
11	4	11		£65,000 - £69,999	12	9	11	
9	6	8		£70,000 - £74,999	7	3	8	
7	2	7		£75,000 - £79,999	8	2	8	
5	1	6		£80,000 - £84,999	1	2	1	
4	1	4		£85,000 - £89,999	2	1	2	
2	1	2		£90,000 - £94,999	11	-	8	
1	1	1		£95,000 - £99,999	4	1	3	
1	-	-		£100,000 - £119,999	2	-	1	
-	-	-		£120,000 - £124,999	1	-	-	
1	1	-		£125,000 - £134,999	-	-	-	
<b>94</b>	<b>78</b>	<b>90</b>			<b>125</b>	<b>60</b>	<b>115</b>	

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:

Exit Package Cost Band	Number of Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
							£000s	£000s
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
£0 - £20,000	60	29	15	5	<b>75</b>	<b>34</b>	766	410
£20,001 - £40,000	6	10	4	1	<b>10</b>	<b>11</b>	242	312
£40,001 - £60,000	-	1	2	1	<b>2</b>	<b>2</b>	97	94
£60,001 - £80,000	-	-	-	2	-	<b>2</b>	-	121
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
<b>Total Number of Exit Packages</b>	<b>66</b>	<b>40</b>	<b>21</b>	<b>9</b>	<b>87</b>	<b>49</b>		
<b>Total Cost Included In Bandings</b>							<b>1,105</b>	<b>937</b>
Add: Amounts Provided For in CI&ES Not Included In Bandings							-	-
<b>Total Cost Included In The CI&amp;ES</b>							<b>1,105</b>	<b>937</b>

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.

2018/19 £000s		2019/20 £000s
105	Fees Payable for External Audit Services Carried Out by the Appointed Auditor for the Year	105
24	Fees Payable for the Certification of Grant Claims and Returns carried out by the Appointed Auditor for the year	33
9	Fees Payable in Respect of Other Services Provided by Other Audit Companies During the Year	8
-	Fees (Refundable) in Respect of Other Services Provided by Other Audit Companies	(13)
<b>138</b>	<b>Total</b>	<b>133</b>

The Council's appointed external auditors for 2018/19 and 2019/20 were Grant Thornton UK LLP.

## STATEMENT OF ACCOUNTS 2019/20

<b>Note 15 – Grant Income Recognised Through The Comprehensive Income &amp; Expenditure Statement</b>	
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:	<a href="#">Accounting Policy 12</a>

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

2018/19 £000s		2019/20 £000s
	<b>Credited to Taxation &amp; Non-Specific Grant Income</b>	
(19,022)	Revenue Support Grant	(12,746)
(31,717)	Business Rates Retention Scheme – Top Up Grant	(32,210)
(4,758)	Section 31 Grant – SBRR	(4,976)
(24,344)	Capital Grants	(20,856)
(3,496)	Capital Contributions	(4,433)
<b>(83,337)</b>	<b>Total Credited to Taxation &amp; Non-Specific Grant Income</b>	<b>(75,221)</b>
	<b>Credited to Services</b>	
(56,475)	Housing Benefit Subsidy	(49,425)
(98,522)	Dedicated Schools Grant	(84,634)
(32,195)	PFI Grant	(32,195)
(3,783)	New Homes Bonus	(3,818)
(16,998)	Public Health Grant	(16,435)
(9,854)	Better Care Fund	(10,388)
(9,395)	Improved Better Care Fund	(11,817)
-	COVID-19 – BEIS Grant	(12,180)
-	COVID-19 – LA Support Grant	(8,175)
(25,836)	Other Grants	(29,827)
(14,212)	Other Contributions	(7,492)
<b>(267,270)</b>	<b>Total Credited to Services</b>	<b>(266,386)</b>
<b>(350,607)</b>	<b>Total Credited to The Comprehensive Income &amp; Expenditure Statement</b>	<b>(341,607)</b>



## STATEMENT OF ACCOUNTS 2019/20

### 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.
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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:

2018/19		2019/20		
Total		Central Expenditure	Individual Schools' Budget (ISB)	Total
£000s		£000s	£000s	£000s
<b>(173,597)</b>	Final DSG for Year Before Academy Recoupment			<b>(181,034)</b>
<b>74,953</b>	Academy Figure Recouped for Year			<b>96,660</b>
<b>(98,644)</b>	<b>Total DSG After Academy Recoupment</b>			<b>(84,374)</b>
5,178	Plus: Brought Forward From Previous Year			-
-	Less: Carry Forward To Future Year Agreed in Advance			-
<b>(93,466)</b>	<b>Agreed Initial Budgeted Distribution</b>	<b>(21,341)</b>	<b>(63,033)</b>	<b>(84,374)</b>
<b>(29)</b>	In Year Adjustments	196	(614)	<b>(418)</b>
<b>(93,495)</b>	<b>Final Budgeted Distribution For Year</b>	<b>(21,145)</b>	<b>(63,647)</b>	<b>(84,792)</b>
<b>22,968</b>	Less Actual Central Expenditure	26,369	-	<b>26,369</b>
<b>79,082</b>	Less Actual ISB Deployed To Schools	-	63,647	<b>63,647</b>
<b>(8,555)</b>	Plus Council Contribution For Year	-	-	-
-	<b>Total Carry Forward To Following Year</b>	<b>5,224</b>	-	<b>5,224</b>

### 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:	<a href="#">Accounting Policy 15</a> / <a href="#">Accounting Policy 18</a>
Areas of Critical Judgements Made:	<a href="#">Judgement 3</a> / <a href="#">Judgement 4</a> / <a href="#">Judgement 8</a>

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 31<sup>st</sup> March 2020 are shown in [Note 33](#) and Grants recognised through the Comprehensive Income & Expenditure statement during the year are shown in [Note 15](#).

##### 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 a number of 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.

# STATEMENT OF ACCOUNTS 2019/20

## 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 2019/20 is shown in [Note 12](#).

During 2019/20, 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 2019/20, 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 18,400 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 £32.101M as at 31<sup>st</sup> March 2020 (£34.331M as at 31<sup>st</sup> March 2019). However, as the Council considers it unlikely that this guarantee will be exercised, the £32.101M 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 runs parallel to the Council's (April – March).

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

<b>Profit / Loss Account:</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>
Income	(34,311)	(34,114)
Expenditure	38,846	36,873
<b>(Profit) / Loss</b>	<b>4,535</b>	<b>2,759</b>

<b>Balance Sheet:</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>
Assets	16,909	17,864
Liabilities	(37,834)	(35,871)
<b>Net Assets</b>	<b>(20,925)</b>	<b>(18,007)</b>
Retained Surplus / (Deficit)	13,406	14,094
Pension Deficit	(34,331)	(32,101)
<b>Net Reserves</b>	<b>(20,925)</b>	<b>(18,007)</b>

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:

## STATEMENT OF ACCOUNTS 2019/20

- 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.

<b>Related Party Transactions:</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>
Income	(33,709)	(34,207)
Expenditure	1,758	974
Assets	4,871	3,086
Liabilities	(135)	(513)

### BMBC Services Ltd

BMBC Services Ltd is a 100% wholly owned subsidiary of the Council that commenced trading in September 2014.

BMBC Services Ltd's accounting year runs parallel to the Council's (April – March).

The latest two sets of BMBC Services Ltd's financial statements are summarised below:

<b>Profit / Loss Account:</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>
Income	(1,647)	(10)
Expenditure	1,849	124
<b>(Profit) / Loss</b>	<b>202</b>	<b>114</b>

<b>Balance Sheet:</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>
Assets	669	-
Liabilities	(555)	-
<b>Net Assets</b>	<b>114</b>	<b>-</b>
Retained Surplus / (Deficit)	<b>114</b>	-
<b>Net Reserves</b>	<b>114</b>	<b>-</b>

An analysis of both BMBC Services Ltd's 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.

<b>Related Party Transactions:</b>	<b>2018/19 £000s</b>	<b>2019/20 £000s</b>
Income	(138)	-
Expenditure	1,747	34
Assets	-	-
Liabilities	-	-

## STATEMENT OF ACCOUNTS 2019/20

### Joint Ventures

The Council holds shareholdings in a number of 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	<b>Oakwell Community Assets Ltd (OCAL)</b>		<b>NPS Barnsley Ltd</b>		<b>Burleigh Court (Barnsley) Management Ltd</b>		<b>Barnsley Estates Partnership Ltd</b>	
Incorporation Date	30 <sup>th</sup> September 2003		16 <sup>th</sup> September 2010		20 <sup>th</sup> May 1992		23 <sup>rd</sup> June 2003	
Council Share	50% of the share capital of the company		20% 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		Delivers professional property consultants to its long-term joint venture partner, Barnsley Metropolitan Borough Council		Residents' property management		To provide management services to its subsidiaries, Barnsley Community Solutions Limited (Tranches 1, 2 and 3)	
<b>Financials (P&amp;L):</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>Nov 2017</b>	<b>Nov 2018</b>	<b>2016/17</b>	<b>2017/18</b>
Income	(150)	(112)	(10,443)	(12,052)	(3)	(6)	(1,138)	(1,412)
Expenditure	65	74	10,282	11,979	2	6	838	908
<b>(Profit) / Loss</b>	<b>(85)</b>	<b>74</b>	<b>(161)</b>	<b>(73)</b>	<b>(1)</b>	<b>-</b>	<b>(300)</b>	<b>(504)</b>
<b>Financials (Bal. Sheet):</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2017</b>	<b>2018</b>	<b>2016/17</b>	<b>2017/18</b>
Assets	5,790	5,780	3,767	3,583	45	51	5,148	5,436
Liabilities	(1,590)	(1,542)	(3,011)	(2,565)	(45)	(51)	(5,089)	(5,334)
<b>Net Assets</b>	<b>4,200</b>	<b>4,238</b>	<b>756</b>	<b>1,018</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>102</b>
Reserves	4,200	4,238	756	1,018	-	-	59	102
<b>Total Reserves</b>	<b>4,200</b>	<b>4,238</b>	<b>756</b>	<b>1,018</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>102</b>
Organisation	<b>Barnsley Local Education Partnership Ltd</b>		<b>Modern Schools Barnsley</b>		<b>BDR (Property) Limited</b>		<b>Municipal Bonds Agency</b>	
Incorporation Date	11 <sup>th</sup> March 2009		14 <sup>th</sup> October 2004		3 <sup>rd</sup> May 1998		3 <sup>rd</sup> 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	
<b>Financials (P&amp;L):</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Nov 2017</b>	<b>Nov 2018</b>
Income	(2,572)	(2,873)	(6,081)	(5,794)	(139)	(6)	-	-
Expenditure	2,534	2,870	5,299	4,905	3,089	470	1,151	648
<b>(Profit) / Loss</b>	<b>(38)</b>	<b>(3)</b>	<b>(782)</b>	<b>(889)</b>	<b>2,950</b>	<b>464</b>	<b>1,151</b>	<b>648</b>
<b>Financials (Bal. Sheet):</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Nov 2017</b>	<b>Nov 2018</b>
Assets	5,317	5,907	29,249	27,022	1,911	1,853	1,005	216
Liabilities	(5,029)	(5,616)	(33,966)	(30,747)	(175)	(581)	(210)	(68)
<b>Net Assets</b>	<b>288</b>	<b>291</b>	<b>(4,717)</b>	<b>(3,725)</b>	<b>1,736</b>	<b>1,272</b>	<b>795</b>	<b>148</b>
Reserves	288	291	(4,717)	(3,725)	1,736	1,272	795	148
<b>Total Reserves</b>	<b>288</b>	<b>291</b>	<b>(4,717)</b>	<b>(3,725)</b>	<b>1,736</b>	<b>1,272</b>	<b>795</b>	<b>148</b>

# STATEMENT OF ACCOUNTS 2019/20

## 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 24<sup>th</sup> 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**

<b>Note 18 – Events After The Balance Sheet Date</b>	
Description:	This note explains any significant event that occurs following the balance sheet date.
Relevant Accounting Policies:	<a href="#">Accounting Policy 10</a>

The draft Statement of Accounts was authorised for issue by the Section 151 Officer, the Service Director for Finance, on 30th June 2020. 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 31<sup>st</sup> March 2020, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

### [Asset Valuations](#)

### [Covid Law – check dates](#)

### [Operating to emergency response plan](#)

## STATEMENT OF ACCOUNTS 2019/20

### 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:	<a href="#">Accounting Policy 21</a>
Areas of Uncertainty:	<a href="#">Uncertainty Statement 1</a> / <a href="#">Uncertainty Statement 5</a>

2019/20	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
<b>Cost or Valuation</b>								
<b>At 1<sup>st</sup> April 2019</b>	<b>576,038</b>	<b>303,348</b>	<b>11,595</b>	<b>357,990</b>	<b>36,876</b>	<b>3,668</b>	<b>1,289,515</b>	<b>38,072</b>
Additions / Enhancements	-	28,363	5,500	15,887	53,966	-	103,716	-
Additions / Enhancements – Non-Value Adding	20,661	9,646	-	-	-	-	30,307	-
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	20,665	(747)	-	-	-	261	20,179	224
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	-	(13,847)	-	-	-	(803)	(14,650)	13
Impairments – Non-Value Adding Expenditure	(20,661)	(9,646)	-	-	-	-	(30,307)	-
De-recognition – Disposals	(5,260)	(12,556)	(1,558)	(1,301)	-	(57)	(20,732)	-
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-	(363)	(363)	-
Transfer	3,269	17,188	-	45	(20,724)	222	-	-
<b>At 31<sup>st</sup> March 2020</b>	<b>594,712</b>	<b>321,749</b>	<b>15,537</b>	<b>372,621</b>	<b>70,118</b>	<b>2,928</b>	<b>1,377,665</b>	<b>38,309</b>
<b>Accumulated Depreciation</b>								
<b>At 1<sup>st</sup> April 2019</b>	<b>(11,443)</b>	<b>(22,544)</b>	<b>(5,886)</b>	<b>(100,699)</b>	<b>-</b>	<b>(3)</b>	<b>(140,575)</b>	<b>(4,630)</b>
Depreciation Charge	(14,280)	(9,052)	(1,774)	(8,624)	-	(4)	(33,734)	(1,842)
Depreciation Written Out to the Revaluation Reserve	11,498	9,634	-	-	-	3	21,135	1,812
De-recognition – Disposals	-	1,749	1,558	1,301	-	-	4,608	-
Transfers	(58)	58	-	-	-	-	-	-
<b>At 31<sup>st</sup> March 2020</b>	<b>(14,283)</b>	<b>(20,155)</b>	<b>(6,102)</b>	<b>(108,022)</b>	<b>-</b>	<b>(4)</b>	<b>(148,566)</b>	<b>(4,660)</b>
<b>Net Book Value</b>								
<b>At 1<sup>st</sup> April 2019</b>	<b>564,595</b>	<b>280,804</b>	<b>5,709</b>	<b>257,291</b>	<b>36,876</b>	<b>3,665</b>	<b>1,148,940</b>	<b>33,442</b>
<b>At 31<sup>st</sup> March 2020</b>	<b>580,429</b>	<b>301,594</b>	<b>9,435</b>	<b>264,599</b>	<b>70,118</b>	<b>2,924</b>	<b>1,229,099</b>	<b>33,649</b>
	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>

## STATEMENT OF ACCOUNTS 2019/20

Comparative Movements in 2018/19	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
<b>Cost or Valuation</b>								
<b>At 1<sup>st</sup> April 2018</b>	<b>558,575</b>	<b>333,897</b>	<b>13,183</b>	<b>346,504</b>	<b>15,909</b>	<b>4,908</b>	<b>1,272,976</b>	<b>53,304</b>
Additions / Enhancements	361	16,585	1,660	13,338	25,467	-	57,411	-
Additions / Enhancements - Non-Value Adding	22,028	10,026	-	-	-	-	32,054	-
Revaluation Increases / (Decreases) Recognised in the Revaluation Reserve	17,988	6,296	-	-	-	675	24,959	(1,453)
Revaluation Increases / (Decreases) Recognised in the Surplus / Deficit on the Provision of Services	325	(8,613)	-	-	-	(1,026)	(9,314)	(164)
Impairments - Non-Value Adding Expenditure	(22,028)	(10,026)	-	-	-	-	(32,054)	-
De-recognition - Disposals	(5,720)	(44,798)	(3,248)	(1,852)	-	-	(55,618)	(13,615)
Assets Reclassified (To) / From Held for Sale	-	-	-	-	-	(899)	(899)	-
Transfer	4,509	(19)	-	-	(4,500)	10	-	-
<b>At 31<sup>st</sup> March 2019</b>	<b>576,038</b>	<b>303,348</b>	<b>11,595</b>	<b>357,990</b>	<b>36,876</b>	<b>3,668</b>	<b>1,289,515</b>	<b>38,072</b>
<b>Accumulated Depreciation</b>								
<b>At 1<sup>st</sup> April 2018</b>	<b>(15,572)</b>	<b>(29,262)</b>	<b>(7,204)</b>	<b>(94,277)</b>	<b>-</b>	<b>(20)</b>	<b>(146,335)</b>	<b>(5,702)</b>
Depreciation Charge	(11,579)	(9,539)	(1,930)	(8,274)	-	(2)	(31,324)	(1,789)
Depreciation Written Out to the Revaluation Reserve	15,645	7,726	-	-	-	19	23,390	1,175
De-recognition - Disposals	139	8,455	3,248	1,852	-	-	13,694	1,686
Transfers	(76)	76	-	-	-	-	-	-
<b>At 31<sup>st</sup> March 2019</b>	<b>(11,443)</b>	<b>(22,544)</b>	<b>(5,886)</b>	<b>(100,699)</b>	<b>-</b>	<b>(3)</b>	<b>(140,575)</b>	<b>(4,630)</b>
<b>Net Book Value</b>								
<b>At 1<sup>st</sup> April 2018</b>	<b>543,003</b>	<b>304,635</b>	<b>5,979</b>	<b>252,227</b>	<b>15,909</b>	<b>4,888</b>	<b>1,126,641</b>	<b>47,602</b>
<b>At 31<sup>st</sup> March 2019</b>	<b>564,595</b>	<b>280,804</b>	<b>5,709</b>	<b>257,291</b>	<b>36,876</b>	<b>3,665</b>	<b>1,148,940</b>	<b>33,442</b>
	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>

### 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 2020, the Council had contractually committed to £84.304M of capital works within its capital programme. The corresponding amount contractually committed as at 31st March 2019 was £20.876M. The major commitments are:

- Town Centre Regeneration - £62.4M;
- M1 Junction 36 Phase 2 - £8.1M
- M1 Junction 37 Phase 1 - £2.5M;
- Other - £11.3M

### Effects of Changes in Estimates:

There have been no changes to the depreciation methodologies used during 2019/20.

# STATEMENT OF ACCOUNTS 2019/20

## 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 certified by Tim Hartley, MRICS (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	-	-	15,537	372,621	70,118	-	458,276
Valued at Fair Value:							
2019/20	594,712	254,921	-	-	-	2,501	<b>852,134</b>
2018/19	-	15,198	-	-	-	40	<b>15,238</b>
2017/18	-	18,423	-	-	-	22	<b>18,445</b>
2016/17	-	28,855	-	-	-	-	<b>28,855</b>
2015/16	-	4,352	-	-	-	365	<b>4,717</b>
<b>Gross Book Value</b>	<b>594,712</b>	<b>321,749</b>	<b>15,537</b>	<b>372,621</b>	<b>70,118</b>	<b>2,928</b>	<b>1,377,665</b>

## 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 <sup>st</sup> March 2020 £000s	Accumulated Depreciation £000s	Net Book Value as at 31 <sup>st</sup> March 2020 £000s
Surplus Buildings	-	41	-	41	(4)	37
Surplus Land – Commercial	-	-	-	-	-	-
Surplus Land – Garden Land	-	3	-	3	-	3
Surplus Land – Grazing Land	-	42	-	42	-	42
Surplus Land – Residential	-	2,842	-	2,842	-	2,842
<b>Net Book Value</b>	<b>-</b>	<b>2,928</b>	<b>-</b>	<b>2,928</b>	<b>(4)</b>	<b>2,924</b>

[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 <sup>st</sup> March 2019 £000s	Accumulated Depreciation £000s	Net Book Value as at 31 <sup>st</sup> March 2019 £000s
Surplus Buildings	-	44	-	44	(3)	41
Surplus Land – Commercial	-	300	-	300	-	300
Surplus Land – Garden Land	-	3	-	3	-	3
Surplus Land – Grazing Land	-	42	-	42	-	42
Surplus Land – Residential	-	3,279	-	3,279	-	3,279
<b>Net Book Value</b>	<b>-</b>	<b>3,668</b>	<b>-</b>	<b>3,668</b>	<b>(3)</b>	<b>3,665</b>

[Balance Sheet](#)

## 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



## STATEMENT OF ACCOUNTS 2019/20

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.

<b>Note 20 – Investment Properties</b>	
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:	<a href="#">Accounting Policy 17</a>
Areas of Critical Judgements Made:	<a href="#">Judgement 7</a>

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.

<b>Note 21 – Heritage Assets</b>	
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:	<a href="#">Accounting Policy 13</a>

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

	Ceramics £000s	Art Collections £000s	Other £000s	Total Assets £000s	
<b><u>Cost or Valuation</u></b>					
<b>At 1<sup>st</sup> April 2018</b>	594	8,355	1,478	10,427	
Additions / Enhancements	-	-	-	-	
Disposals	-	-	-	-	
<b>At 31<sup>st</sup> March 2019</b>	594	8,355	1,478	10,427	<a href="#">Balance Sheet</a>
Additions / Enhancements	-	-	-	-	
Disposals	-	-	-	-	
<b>At 31<sup>st</sup> March 2020</b>	594	8,355	1,478	10,427	<a href="#">Balance Sheet</a>
<b><u>Net Book Value</u></b>					
<b>At 31<sup>st</sup> March 2019</b>	594	8,355	1,478	10,427	
<b>At 31<sup>st</sup> March 2020</b>	594	8,355	1,478	10,427	

### Detail of Movements in Heritage Assets: Additions / Enhancements

There were no additions / enhancements of heritage assets during 2019/20 (nil in 2018/19).

### Detail of Movements in Heritage Assets: Disposals

There were no disposals of heritage assets during 2019/20 (nil in 2018/19).

### Intangible Heritage Assets

There are no intangible heritage assets held by the Council as at 31<sup>st</sup> March 2020 (nil as at 31<sup>st</sup> March 2019).

### Further Details of Heritage Assets

## STATEMENT OF ACCOUNTS 2019/20

### Ceramics, Porcelain Work and Figurines

The collection of ceramics, porcelain work and figurines includes some 766 pieces held on display by the Cannon Hall Museum and the Town Hall, dating back to the late 17<sup>th</sup> century. Most of the collection was acquired in the 18<sup>th</sup> and 19<sup>th</sup> 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 £3.661M and Cannon Hall totalling £4.694M. The Cooper Gallery paintings were valued by Bonhams in April 2010 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 £1.478M mainly relating to the Mining Artwork sculpture, The Newcomen Beam Engine, Civic Regalia pieces, furniture and metal work pieces. The assets have been valued, based on insurance valuations as a proxy for open market valuations.

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.

<b>Note 22 – Intangible Assets</b>	
Description:	Intangible Assets are non-physical assets, used by the Council. This note shows the value and movement in those assets.
Relevant Accounting Policies:	<a href="#">Accounting Policy 13</a>

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 £0.568M has been charged to the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

## STATEMENT OF ACCOUNTS 2019/20

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

2018/19		2019/20
<b>Purchased Software</b>		<b>Purchased Software</b>
<b>£000s</b>		<b>£000s</b>
	<b>Balance at 1<sup>st</sup> April :</b>	
4,227	- Gross Carrying Amounts	3,137
(2,844)	- Accumulated Amortisation	(2,028)
<b>1,383</b>	<b>Net Carrying Amount at 1<sup>st</sup> April</b>	<b>1,109</b>
	<b>Additions:</b>	
294	Purchases	74
	<b>Disposals:</b>	
(1,384)	Other Disposals – Gross Carrying Amounts	(1,509)
1,384	Other Disposals – Accumulated Amortisation	1,509
	<b>Amortisation:</b>	
(568)	Amortisation for the Period	(258)
<b>1,109</b>	<b>Net Carrying Amount at 31<sup>st</sup> March</b>	<b>925</b>
	<b>Comprising :</b>	
3,137	Gross Carrying Amounts	1,702
(2,028)	Accumulated Amortisation	(777)
<b>1,109</b>		<b>925</b>

[Balance Sheet](#)

### Note 23 – Assets Held for Sale

Description:	Assets Held for Sale are Council assets that are: <ul style="list-style-type: none"> <li>• Being actively marketed for sale;</li> <li>• Expected to sell in the next 12 months.</li> </ul> This note shows the value and movement in those assets.
Areas of Uncertainty:	<a href="#">Uncertainty Statement 5</a>

2018/19 £000s	<b>Current Assets</b>	2019/20 £000s
<b>4,918</b>	<b>Balance Outstanding at 1<sup>st</sup> April</b>	<b>5,330</b>
898	Assets Newly Classified as Held for Sale : - Surplus Assets	363
448	Revaluation Gains	-
(484)	Revaluation Losses	(1,056)
-	Assets Declassified as Held for Sale : - Surplus Assets	-
(450)	Assets Sold	(529)
<b>5,330</b>	<b>Balance Outstanding at 31<sup>st</sup> March</b>	<b>4,108</b>

[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 <sup>st</sup> March 2020 £000s
Surplus Buildings	-	-	-	-
Surplus Land – Commercial	-	2,348	-	2,348
Surplus Land – Garden Land	-	10	-	10
Surplus Land – Residential	-	1,750	-	1,750
<b>Net Book Value</b>	-	<b>4,108</b>	-	<b>4,108</b>

[Balance Sheet](#)

## STATEMENT OF ACCOUNTS 2019/20

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 <sup>st</sup> March 2020 £000s
Surplus Buildings	-	273	-	273
Surplus Land – Commercial	-	2,394	-	2,394
Surplus Land – Garden Land	-	-	-	-
Surplus Land – Residential	-	2,663	-	2,663
<b>Net Book Value</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>

[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.

2018/19				2019/20		
General Fund	HRA	Total		General Fund	HRA	Total
£000s	£000s	£000s		£000s	£000s	£000s
<b>678,170</b>	<b>271,734</b>	<b>949,904</b>	<b>Opening Capital Financing Requirement</b>	<b>679,809</b>	<b>271,734</b>	<b>951,543</b>
			<i>Capital Investment:</i>			
285	24,108	24,393	Council Dwellings	-	20,661	20,661
14,596		14,596	Other Land & Buildings	33,228	-	33,228
757	1,141	1,898	Vehicles, Plant, Furniture & Equipment	5,499	4,780	10,279
12,606	-	12,606	Infrastructure Assets	15,888	-	15,888
35,540	406	35,946	Assets Under Construction	53,393	572	53,965
		-	Heritage Assets	-	-	-
338	1	339	Intangible Assets	74	-	74
-	-	-	Long Term Investment	-	-	-
-	-	-	Long Term Debtors	-	-	-
3,629	-	3,629	Revenue Expenditure Funded from Capital Under Statute	6,868	-	6,868
<b>67,751</b>	<b>25,656</b>	<b>93,407</b>	<b>Total Capital Investment</b>	<b>114,950</b>	<b>26,013</b>	<b>140,963</b>
			<i>Sources of Finance – For Capital Expenditure Purposes:</i>			
(4,038)	(1,767)	(5,805)	Capital Receipts	(5,494)	(1,366)	(6,860)
(24,922)	(1,006)	(25,928)	Government Grants & Other Contributions	(20,950)	(961)	(21,911)
(30,283)	(22,883)	(53,166)	Other Revenue Funding	(10,312)	(23,686)	(33,998)
<b>(59,243)</b>	<b>(25,656)</b>	<b>(84,899)</b>	<b>Total Resources Utilised to Fund In Year Capital Expenditure</b>	<b>(36,756)</b>	<b>(26,013)</b>	<b>(62,769)</b>

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8,508	-	8,508	<b>Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure</b>	78,194	-	78,194
			<i>Sources of Finance – Set Aside to Repay Debt:</i>			
(836)	-	(836)	Capital Receipts	(294)	-	(294)
	-	-	Other Revenue Funding	-	-	-
(378)	-	(378)	Other	(321)	-	(321)
(65)	-	(65)	Repayment of Long Term Debtors / Investments	(166)	-	(166)
(5,590)	-	(5,590)	MRP	(5,667)	-	(5,667)
<b>(6,869)</b>	<b>-</b>	<b>(6,869)</b>	<b>Total Set Aside to Repay Debt</b>	<b>(6,448)</b>	<b>-</b>	<b>(6,448)</b>
<b>679,809</b>	<b>271,734</b>	<b>951,543</b>	<b>Closing Capital Financing Requirement</b>	<b>751,555</b>	<b>271,734</b>	<b>1,023,289</b>

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

2018/19				2019/20		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000s	£000s	£000s	Explanation of Movements in Year	£000s	£000s	£000s
8,508	-	8,508	Increase / (Decrease) in Underlying Need to Borrow (Funded from Council's Own Base Resources)	76,551	-	76,551
-	-	-	Assets Acquired Under Finance Leases	1,643	-	1,643
-	-	-	Assets Acquired Under PFI / PPP Contracts	-	-	-
(5,590)	-	(5,590)	Amounts Set Aside to Repay Debt – Statutory	(5,667)	-	(5,667)
(1,279)	-	(1,279)	Amounts Set Aside to Repay Debt – Voluntary	(781)	-	(781)
<b>1,639</b>	<b>-</b>	<b>1,639</b>	<b>Increase / (Decrease) in Capital Financing Requirement</b>	<b>71,746</b>	<b>-</b>	<b>71,746</b>

### 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:	<a href="#">Accounting Policy 19</a>
Areas of Critical Judgements Made:	<a href="#">Judgement 1</a> / <a href="#">Judgement 2</a> / <a href="#">Judgement 10</a>

### 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 50 year lease in respect of a sports centre. The primary phase of this lease has now expired and is now in the secondary phase. The Council paid a peppercorn rental, £0.006M in 2019/20 (£0.006M in 2018/19).

The second relates to a 15 year lease in respect of a residential bungalow. The rentals payable in 2019/20 were £0.030M (£0.030M in 2018/19) – accounted for as £0.021M principal payment and £0.009M finance costs.

The third lease 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 years at inception in 2007, with rentals payable for the duration of the term being nil. Subsequently, a number of sub-

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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.

Vehicle, Plant, Furniture and Equipment – The Council has 8 agreements in place in 2019/20 for various types of assets including wheeled bins and vehicles, accounted for as finance leases. The rentals payable in 2019/20 were £0.689M (£0.457M in 2018/19) – accounted for as £0.601M principal payment and £0.088M 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 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s
23,480	Other Land & Buildings	22,682
2,267	Vehicles, Plant, Furniture & Equipment	3,183
<b>25,747</b>	<b>Total</b>	<b>25,865</b>

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 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s
426	Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):	
1,795	- Current	634
	- Non-Current	2,608
171	Finance Costs Payable in Future Years	198
<b>2,392</b>	<b>Minimum Lease Payments</b>	<b>3,440</b>

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

31 <sup>st</sup> March 2019			31 <sup>st</sup> March 2020	
Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
£000s	£000s		£000s	£000s
487	426	Not later than one year	710	634
1,531	1,421	Later than one year and not later than five years	2,353	2,231
374	374	Later than five years	377	377
<b>2,392</b>	<b>2,221</b>		<b>3,440</b>	<b>3,242</b>

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 39 properties, which have been accounted for as operating leases. The length of each lease varies with the maximum lease being 125 years. The total amount paid under these leases in 2019/20 was £2.700M (£2.776M in 2018/19).

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 2019/20 was £0.376M (£0.865M in 2018/19). 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 2020 to making payments of £43.061M under operating leases (£45.103M as at 31st March 2019), comprising of the following elements:

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

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31 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s
2,700	Not Later Than One Year	2,075
10,682	Later Than One Year & Not Later Than Five Years	6,953
31,721	Later Than Five Years	22,842
<b>45,103</b>		<b>31,870</b>

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:

2018/19 £000s		2019/20 £000s
3,640	Minimum Lease Payments	2,109
-	Contingent Rents	-
-	Sub-Lease Payments Receivable	-
<b>3,640</b>		<b>2,109</b>

### **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 £0.303M due over their remaining lives as at 31st March 2020 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 2019/20 were £0.025M. This income is split between the land and buildings element of the lease and then for the buildings 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 £0.060M.

#### Operating Leases

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.

The total amount received under these leases in 2019/20 was £2.488M (£2.385M in 2018/19).

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

31 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s
2,163	Not Later Than One Year	2,259
6,671	Later Than One Year & Not Later Than Five Years	7,144
31,342	Later Than Five Years	31,450
<b>40,176</b>		<b>40,853</b>

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

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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 2019/20 was £0.003M.

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

<b>31<sup>st</sup> March 2019 £000s</b>		<b>31<sup>st</sup> March 2020 £000s</b>
3	Not Later Than One Year	3
12	Later Than One Year & Not Later Than Five Years	12
683	Later Than Five Years	680
<b>698</b>		<b>695</b>

### Academies

#### Community Schools

The Council also leases a number of schools to charitable trusts. Using powers derived from the Academies Act 2010, three community schools (three primaries - Worsbrough Common, Mapplewell and Cudworth Churchfield) converted to Academy status during 2019/20. 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 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 2019/20.

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.



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### Academy Summary

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

School	Conversion Year	Lease Arrangements
<b>Community Schools:</b>		
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

School	Conversion Year	Lease Arrangements
<b>Community Schools (Continued):</b>		
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

School	Conversion Year	Lease Arrangements
<b>VA / VC Schools:</b>		
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

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### 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:	<a href="#">Accounting Policy 22</a>

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:

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

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\* 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 3<sup>rd</sup> 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 Shanks 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 31<sup>st</sup> March 2019 (excluding any estimation of inflation and availability / performance deductions) are as follows:

	Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Total £000s
Payable in 2019/20	20,365	7,006	19,501	<b>46,872</b>
Payable Within Two to Five Years	87,475	33,466	72,091	<b>193,032</b>
Payable Within Six to Ten Years	130,931	53,780	71,458	<b>256,169</b>
Payable Within Eleven to Fifteen Years	129,536	73,808	45,533	<b>248,877</b>
Payable Within Sixteen to Twenty Years	73,388	38,017	11,363	<b>122,768</b>
Payable Within Twenty One to Twenty Five Years	2,432	492	42	<b>2,966</b>
<b>Total</b>	<b>444,127</b>	<b>206,569</b>	<b>219,988</b>	<b>870,684</b>

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.

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

2018/19 £000s		2019/20 £000s
219,862	<b>Balance As At 1<sup>st</sup> April</b>	213,173
(6,689)	Payments During the Year Capital Expenditure Incurred in the Year	(6,604)
<b>213,173</b>	<b>Balance As At 31<sup>st</sup> March</b>	<b>206,569</b>

### Note 27 – 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 Council's financial instruments and the impact on the accounts.
Relevant Accounting Policies:	<a href="#">Accounting Policy 5</a> / <a href="#">Accounting Policy 11</a>
Areas of Critical Judgements Made:	<a href="#">Judgement 5</a>
Areas of Uncertainty:	<a href="#">Uncertainty Statement 5</a>

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

31 <sup>st</sup> March 2019			31 <sup>st</sup> March 2020		
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s	
2,369	156,926	<b>Investments:</b> Amortised Cost	2,311	57,197	
2,168	-	Fair Value through Other Comprehensive Income - Designated Equity Instruments	2,111	-	
<b>4,537</b>	<b>156,926</b>	<b>Total Investments</b>	<b>4,422</b>	<b>57,197</b>	<a href="#">Balance Sheet</a>
2,333	234	<b>Debtors:</b> Amortised Cost	909	196	
<b>2,333</b>	<b>234</b>	<b>Total Debtors *</b>	<b>909</b>	<b>196</b>	<a href="#">Balance Sheet</a>
-	38,122	<b>Cash Equivalents:</b> Amortised Cost	-	75,015	<a href="#">Cash Flow</a>
-	<b>38,122</b>	<b>Total Cash Equivalents **</b>	-	<b>75,015</b>	<a href="#">Balance Sheet</a>
<b>6,870</b>	<b>195,282</b>	<b>Total Financial Assets</b>	<b>5,331</b>	<b>132,408</b>	<a href="#">Balance Sheet</a>
(571,563)	(94,707)	<b>Borrowing:</b> Amortised Cost	(645,649)	(31,229)	
<b>(571,563)</b>	<b>(94,707)</b>	<b>Total Borrowing</b>	<b>(645,649)</b>	<b>(31,229)</b>	<a href="#">Balance Sheet</a>
(210,922)	(8,851)	<b>Other Liabilities:</b> Amortised Cost	(202,861)	(9,507)	
<b>(210,922)</b>	<b>(8,851)</b>	<b>Total Other Liabilities</b>	<b>(202,861)</b>	<b>(9,507)</b>	<a href="#">Balance Sheet</a>
<b>(782,485)</b>	<b>(103,558)</b>	<b>Total Financial Liabilities</b>	<b>(848,510)</b>	<b>(40,736)</b>	<a href="#">Balance Sheet</a>

\* 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. The full Balance Sheet values are analysed in [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.

In particular, these include debtors and creditors arising from statute, such as Council Tax [£9.123M debtor for bills outstanding & £1.347M creditor for prepayments (£9.142M debtor & £1.276M creditor in 2018/19)], amounts owed in respect of VAT [debtor of £8.051M (debtor of £6.572M in 2018/19)] and PAYE & National Insurance [creditor of £1.990M (creditor of £2.836M in 2018/19)], prepayments [debtor of £3.871M (debtor of £4.509M in 2018/19)] and receipts in advance / deferred income [creditors of £3.643M (creditors of £1.685M in 2018/19)].

## STATEMENT OF ACCOUNTS 2019/20

### 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 £1.358M (£0.326M in 2018/19) - following the transition from an incurred losses model to an expected losses model for impairment calculations - and the reduction in fair value of financial assets of £0.057M (£0.263M in 2018/19) following remeasurement. These amounts are shown separately in the table below:

### Income, Expense, Gains and Losses:

2018/19					2019/20			
Financial Liabilities : Measured at Amortised Cost	Financial Assets : Loans and Receivables	Financial Assets : Available for Sale	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
20,659	-	-	<b>20,659</b>	Interest Expense	22,828	-	-	<b>22,828</b>
203	-	-	<b>203</b>	Fee Expenses	155	-	-	<b>155</b>
326	-	-	<b>326</b>	Expected Credit Losses	1,358	-	-	<b>1,358</b>
<b>21,188</b>	-	-	<b>21,188</b>	<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>24,341</b>	-	-	<b>24,341</b>
-	(1,718)	(52)	<b>(1,770)</b>	Interest / Dividend Income	-	(1,959)	(207)	<b>(2,166)</b>
-	<b>(1,718)</b>	<b>(52)</b>	<b>(1,770)</b>	<b>Total Income in Surplus or Deficit on the Provision of Services</b>	-	<b>(1,959)</b>	<b>(207)</b>	<b>(2,166)</b>
-	-	263	<b>263</b>	(Surplus) / Deficit Arising on Revaluation of Financial Assets in Other Comprehensive Income & Expenditure	-	-	57	<b>57</b>
<b>21,188</b>	<b>(1,718)</b>	<b>211</b>	<b>19,681</b>	<b>Net (Gain) / Loss for the Year</b>	<b>24,341</b>	<b>(1,959)</b>	<b>(150)</b>	<b>22,232</b>

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### Fair Values of Assets: Assets Carried at Fair Value:

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:	2019/20			
	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 <sup>st</sup> March 2020 £000s
<u>Designated Equity Investments:</u>				
Oakwell Community Assets Limited	-	2,000	-	2,000
Carrying Value	-	<b>2,000</b>	-	<b>2,000</b>
BDR Property Limited (formerly known as Arpley Gas Ltd)	-	405	-	405
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(310)	-	(310)
Carrying Value	-	<b>95</b>	-	<b>95</b>
BSF Programme (Building Schools for the Future)	-	16	-	16
Carrying Value	-	<b>16</b>	-	<b>16</b>
UK Municipal Bonds Agency	-	10	-	10
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(10)	-	(10)
Carrying Value	-	-	-	-
<b>Total Carrying Value</b>	-	<b>2,111</b>	-	<b>2,111</b>

### Prior Year Comparator:

Recurring Fair Value Measurements Using:	2019/20			
	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 <sup>st</sup> March 2019 £000s
<u>Designated Equity Investments:</u>				
Oakwell Community Assets Limited	-	2,000	-	2,000
Carrying Value	-	<b>2,000</b>	-	<b>2,000</b>
BDR Property Limited (formerly known as Arpley Gas Ltd)	-	405	-	405
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(253)	-	(253)
Carrying Value	-	<b>152</b>	-	<b>152</b>
BSF Programme (Building Schools for the Future)	-	16	-	16
Carrying Value	-	<b>16</b>	-	<b>16</b>
UK Municipal Bonds Agency	-	10	-	10
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(10)	-	(10)
Carrying Value	-	-	-	-
<b>Total Carrying Value</b>	-	<b>2,168</b>	-	<b>2,168</b>

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

Shares in the above organisations are not traded in an active market; 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.

In the lead up to the end of the 2019/20 financial year, large parts of the UK economy were placed in enforced lockdown to deal with a global COVID-19 pandemic. These restrictions continued in April and May 2020 and the Government and Bank of England implemented financial packages to support the UK economy. Even with these measures, UK GDP is expected to fall by circa 14% in this calendar year and whilst there is expected to be a bounce

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back of circa 15% in GDP in 2021, the 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 monitor the situation and where required any expected credit loss provision and/or movement in fair value will be reported and recognised during 2020/21 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:

	<b>Carrying Value as at 31<sup>st</sup> March 2020 £000s</b>
Fixed Term Local Authority Deposits	57,197
Fixed Term Bank Deposits	-
Money Market Funds	32,914
Call and Notice Bank Accounts	42,100
Other Loans and Receivables	3,416
<b>Total Valuation</b>	<b>135,627</b>

[Balance Sheet](#)

Prior Year Comparator:

	<b>Carrying Value as at 31<sup>st</sup> March 2019 £000s</b>
Fixed Term Local Authority Deposits	146,784
Fixed Term Bank Deposits	10,052
Money Market Funds	31,070
Call and Notice Bank Accounts	7,052
Other Loans and Receivables	4,936
<b>Total Valuation</b>	<b>199,894</b>

[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:	<b>Carrying Value as at 31<sup>st</sup> March 2020 £000s</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1) £000s</b>	<b>Other Significant Observable Inputs (Level 2) £000s</b>	<b>Significant Unobservable Inputs (Level 3) £000s</b>	<b>Fair Value as at 31<sup>st</sup> March 2020 £000s</b>
PWLB Borrowings	(529,244)	-	(964,725)	-	(964,725)
LOBOs	(56,713)	-	(123,022)	-	(123,022)
Temporary Loans	(89,163)	-	(109,127)	-	(109,127)
Other	(1,758)	-	(1,758)	-	(1,758)
<b>Total Borrowing</b>	<b>(676,878)</b>	<b>-</b>	<b>(1,198,632)</b>	<b>-</b>	<b>(1,198,632)</b>

[Balance Sheet](#)

Within the Council's total borrowings are three LOBO (Lender Option, Borrow 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

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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.

### Prior Year Comparator:

Recurring Fair Value Measurements Using:	Carrying Value as at 31 <sup>st</sup> March 2019 £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 <sup>st</sup> March 2019 £000s
PWLB Borrowings	(577,946)	-	(851,915)	-	(851,915)
LOBOs	(56,725)	-	(105,224)	-	(105,224)
Temporary Loans	(29,840)	-	(33,769)	-	(33,769)
Other	(1,758)	-	(1,758)	-	(1,758)
<b>Total Valuation</b>	<b>(666,269)</b>	<b>-</b>	<b>(992,666)</b>	<b>-</b>	<b>(992,666)</b>

[Balance Sheet](#)

Recurring Fair Value Measurements Using:	Carrying Value as at 31 <sup>st</sup> March 2020 £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 <sup>st</sup> March 2020 £000s
PFI Liabilities	(206,569)	-	(330,565)	-	(330,565)
Finance Lease Liabilities	(3,242)	-	(3,242)	-	(3,242)
Other Local Authority Debt	(1,865)	-	(1,865)	-	(1,865)
Other Liabilities	(692)	-	(692)	-	(692)
<b>Total Other Liabilities</b>	<b>(212,368)</b>	<b>-</b>	<b>(336,364)</b>	<b>-</b>	<b>(336,364)</b>

[Balance Sheet](#)

### Prior Year Comparator:

Recurring Fair Value Measurements Using:	Carrying Value as at 31 <sup>st</sup> March 2019 £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 <sup>st</sup> March 2019 £000s
PFI Liabilities	(213,173)	-	(356,728)	-	(356,728)
Finance Lease Liabilities	(2,221)	-	(2,221)	-	(2,221)
Other Local Authority Debt	(3,684)	-	(3,684)	-	(3,684)
Other Liabilities	(695)	-	(695)	-	(695)
<b>Total Other Liabilities</b>	<b>(219,773)</b>	<b>-</b>	<b>(363,328)</b>	<b>-</b>	<b>(363,328)</b>

[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.

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

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 calculating the amounts the Council would have had to pay to extinguish the loans on 31<sup>st</sup> March under existing debt redemption procedures;
- 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 equivalent swap rate at the Balance Sheet date;



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- 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 2019/20.

### Regular Treasury Investments

The Treasury Management Strategy includes an Annual Investment Strategy (AIS) in compliance with the MHCLG'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 2019/20 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;
- 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.

## STATEMENT OF ACCOUNTS 2019/20

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 as a result of COVID-19. For instance, the majority of its 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 there has been little change in the credit ratings/CDS prices of Link Asset Services' suggested counterparties since 31st March 2020. 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 £15.999M of trade debt outstanding at the year end. The Council does not generally allow credit for its trade debtors, such that £6.749M of the outstanding balance is past its due date for payment (£6.202M of £14.024M in 2018/19). The past due amount can be analysed by age as follows:

31 <sup>st</sup> March 2019 £000s	Aged Debt Analysis:	31 <sup>st</sup> March 2020 £000s
2,522	Less Than Three Months	3,749
753	Three to Six Months	790
888	Six Months to One Year	792
2,039	More Than One Year	1,418
<b>6,202</b>		<b>6,749</b>

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 reflect the significant level of uncertainty caused by COVID-19, the Council moved further away from term deposits (of typically 3-9 months) into Money Market Funds and instant access accounts, to further protect itself from liquidity risk. 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:

2018/19 Carrying Values	2018/19 Percentage	Years	2018/19 Carrying Value £000s	2018/19 Percentage %
195,048	100	Less Than One Year	132,212	100
-	-	Between One & Two Years	-	-
-	-	Between Two & Three Years	-	-
-	-	More Than Three Years	-	-
-	-	Uncertain Date	-	-
<b>195,048</b>	<b>100</b>	<b>Total</b>		<b>100</b>

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## 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 (including accrued interest) as at 31<sup>st</sup> March is as follows:

2018/19 Carrying Value	2018/19 Percentage	Years	2019/20 Carrying Value	2019/20 Percentage
£000s	%		£000s	%
(94,703)	14	Less Than 1 Year	(31,229)	5
(24,472)	4	Between One & Two Years	(17,392)	2
(44,277)	7	Between Two & Five Years	(63,263)	9
(32,613)	5	Between Five & Ten Years	(39,121)	6
(15,278)	2	Between Ten & Twenty Years	(29,553)	4
(55,510)	8	Between Twenty & Thirty Years	(74,919)	11
(137,400)	21	Between Thirty & Forty Years	(161,900)	24
(203,530)	30	More Than Forty Years	(201,030)	30
(58,486)	9	Uncertain Date *	(58,471)	9
<b>(666,269)</b>	<b>100</b>	<b>Total</b>	<b>(676,878)</b>	<b>100</b>

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 **debt portfolio** (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) and **overall borrowing requirement** (including the Council's under-borrowed position). As illustrated in the table below, the Council was well within the limits set as of 31<sup>st</sup> March 2020.

Exposure to Interest Rate Risk	Actual (%)	Limit (%)
Measured against the Council's debt portfolio	8	15
Measured against the Council's overall borrowing requirement	22	30

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.

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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
<b>Impact on the Provision of Services (Surplus) / Deficit:</b>	
Increase in Interest Payable on Variable Rate Borrowings	
Decrease in Interest Payable on Variable Rate Investments	(750)
<b>Impact on the Provision of Services (Surplus) / Deficit</b>	<b>(750)</b>
Share of Overall Impact Debited / Credited to HRA	
Share of Overall Impact Debited / Credited to General Fund	(750)
	<b>(750)</b>
<b>Impact on Other Comprehensive Income &amp; Expenditure:</b>	
Decrease in Fair Value of Fixed Rate Investment Assets	-
<b>Impact on Other Comprehensive Income &amp; Expenditure</b>	<b>-</b>
Decrease in Fair Value of Fixed Rate Borrowings (Premature Repayment Rate)	(234,892)
Decrease in Fair Value of Fixed Rate Borrowings (New Loan Rate)	(129,872)
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, the current interest rate environment means such a pronounced change is unlikely in the immediate future. More likely, the interest rate will be adjusted in smaller increments, by 0.25% or 0.5%.

**Price Risk:** The Council does not generally invest in equity shares but does have shareholdings to the value of £2.111M 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
- They're not held for trading

**Foreign Exchange Risk:** The Council has no financial asset 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:	<a href="#">Accounting Policy 16</a>

2018/19					2019/20			
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
133	1,021	-	1,154	<b>Balance Outstanding at 1<sup>st</sup> April</b>	141	928	-	1,069
2,119	1,290	-	3,409	Purchases	1,880	1,141		3,021
(2,111)	(1,383)	-	(3,494)	Recognised as an Expense in the Year	(1,912)	(1,295)		(3,207)
-	-	-	-	Transfers				-
-	-	-	-	Written off Balance		218		218
<b>141</b>	<b>928</b>	<b>-</b>	<b>1,069</b>	<b>Balance Outstanding 31<sup>st</sup> March</b>	<b>109</b>	<b>992</b>	<b>-</b>	<b>1,101</b>

[Balance Sheet](#)

[Balance Sheet](#)

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### 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:	<a href="#">Accounting Policy 2 /Accounting Policy 3</a>
Areas of Uncertainty:	<a href="#">Uncertainty Statement 4</a>

31 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s	
4,956	Less Than One Year	5,223	
4,720	More Than One Year	4,849	
<b>9,676</b>	<b>Local Taxation Debtors</b>	<b>10,072</b>	<a href="#">Balance Sheet</a>
(7,311)	Impairment for Bad Debts	(9,772)	<a href="#">Balance Sheet</a>
<b>2,365</b>	<b>Total</b>	<b>300</b>	

### 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:	<a href="#">Accounting Policy 2</a>
Areas of Uncertainty:	<a href="#">Uncertainty Statement 4</a>

31 <sup>st</sup> March 2019				31 <sup>st</sup> March 2020		
Total Debtors	Impairment For Bad Debts	Total		Total Debtors	Impairment For Bad Debts	Total
£000s	£000s	£000s		£000s	£000s	£000s
13,610	(5,675)	<b>7,935</b>	Trade Receivables	15,997	(7,776)	<b>8,221</b>
9,443	-	<b>9,443</b>	Prepayments & Accrued Grant Income	23,869		<b>23,869</b>
17,594	-	<b>17,594</b>	Other Receivable Amounts	22,398		<b>22,398</b>
<b>40,647</b>	<b>(5,675)</b>	<b>34,972</b>	<b>Total</b>	<b>62,264</b>	<b>(7,776)</b>	<b>54,488</b>
<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>			<a href="#">Balance Sheet</a>	<a href="#">Balance Sheet</a>	

### 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:	<a href="#">Accounting Policy 2 /Accounting Policy 3</a>

31 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s
(14,496)	Trade Creditors	(6,637)
(9,959)	Other Creditors	(10,132)
(7,205)	Capital Creditors	(7,313)
(1,306)	Receipts in Advance	(3,443)
(6,274)	Payroll Creditors	(5,534)
(7,967)	NNDR	(9,342)
(4,301)	Council Tax	(4,686)
(2,854)	Other Tax & Social Security	(1,990)
<b>(54,362)</b>	<b>Total</b>	<b>(49,077)</b>
<a href="#">Balance Sheet</a>		<a href="#">Balance Sheet</a>

### 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:	<a href="#">Accounting Policy 12</a>

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 credited in excess of £0.5M is listed individually in the tables below:

## STATEMENT OF ACCOUNTS 2019/20

31 <sup>st</sup> March 2019 £000s	Current Liabilities - Capital	31 <sup>st</sup> March 2020 £000s
	<b>Capital Grants Receipts in Advance:</b>	
(1,838)	Place - Highways England Grant	(1,777)
(1,017)	People - Devolved Formula Capital (DFC)	(556)
(3,166)	Communities - Disabled Facilities Grant (DFG)	(4,219)
(2,950)	Other Grants	(2,264)
<b>(8,971)</b>	<b>Total Capital Grants Receipts in Advance</b>	<b>(8,816)</b>
	<b>Capital Contributions Receipts in Advance:</b>	
(8,194)	Section 106 Contributions	(6,840)
(1,582)	Place - Network Rail Contribution	(929)
(977)	Other Contributions	(1,114)
<b>(10,753)</b>	<b>Total Capital Contributions Receipts in Advance</b>	<b>(8,883)</b>
<b>(19,724)</b>	<b>Total Capital Grants &amp; Contributions Receipts in Advance</b>	<b>(17,699)</b>

[Balance Sheet](#)

31 <sup>st</sup> March 2019 £000s	Current Liabilities - Revenue	31 <sup>st</sup> March 2020 £000s
	<b>Revenue Grants Receipts in Advance:</b>	
(157)	People - Adoption Support Fund	(163)
-	Place - Business Energy & Industrial Strategy Grant	(151)
-	Corporate - S31 Business Rate Relief Grant	(5,685)
(110)	Other	(249)
<b>(267)</b>	<b>Total Revenue Grants Receipts in Advance</b>	<b>(6,248)</b>
	<b>Revenue Contributions Receipts in Advance:</b>	
(1,405)	Place - Section 278 Contributions	(1,429)
(458)	Place - Maintenance Agreements	(388)
(81)	People - Children's Social Work Matters	(59)
(19)	Other	(28)
<b>(1,963)</b>	<b>Total Revenue Contributions Receipts in Advance</b>	<b>(1,904)</b>
<b>(2,230)</b>	<b>Total Revenue Grants &amp; Contributions Receipts in Advance</b>	<b>(8,152)</b>

[Balance Sheet](#)

## STATEMENT OF ACCOUNTS 2019/20

<b>Note 34 – Provisions</b>	
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:	<a href="#">Accounting Policy 23</a>
Areas of Critical Judgements Made:	<a href="#">Judgement 6</a> / <a href="#">Judgement 9</a>
Areas of Uncertainty:	<a href="#">Uncertainty Statement 2</a>

	Insurance Fund	Municipal Mutual Insurance	Trading Standards Legal Case	Rating List / NNDR Appeals	LGYH	Carlton CPO Case	Other	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance at 31<sup>st</sup> March 2018</b>	<b>(4,234)</b>	<b>(114)</b>	<b>(388)</b>	<b>(4,289)</b>	<b>(100)</b>	-	<b>(13)</b>	<b>(9,138)</b>
Additional Provisions Made in 2018/19	(3,042)	(44)	-	(2,080)	-	(567)	-	<b>(5,733)</b>
Amounts Used in 2018/19	1,012	-	-	253	-	-	-	<b>1,265</b>
Unused Amounts Reversed in 2018/19	2,686	-	-	-	-	-	-	<b>2,686</b>
<b>Balance at 31<sup>st</sup> March 2019</b>	<b>(3,578)</b>	<b>(158)</b>	<b>(388)</b>	<b>(6,116)</b>	<b>(100)</b>	<b>(567)</b>	<b>(13)</b>	<b>(10,920)</b>
Additional Provisions Made in 2019/20	(2,143)	(25)	-	(213)	-	-	-	<b>(2,381)</b>
Amounts Used in 2019/20	925	-	-	450	-	567	-	<b>1,942</b>
Unused Amounts Reversed in 2019/20	1,254	-	-	-	-	-	-	<b>1,254</b>
<b>Balance at 31<sup>st</sup> March 2020</b>	<b>(3,542)</b>	<b>(183)</b>	<b>(388)</b>	<b>(5,879)</b>	<b>(100)</b>	-	<b>(13)</b>	<b>(10,105)</b>
Short Term Provisions	-	-	(388)	(5,879)	(100)	-	(13)	<b>(6,380)</b>
Long Term Provisions	(3,542)	(183)	-	-	-	-	-	<b>(3,725)</b>

[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 2019/20 accounts is £3.542M (£3.578M in 2018/19) 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 2019/20, a further £0.025M has been provided for, leaving £0.183M remaining on the provision as at 31<sup>st</sup> March 2020.

# STATEMENT OF ACCOUNTS 2019/20

## 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 31<sup>st</sup> 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.

## Provision for Amendments to The Rating List / NNDR Appeals

On 1<sup>st</sup> 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 31<sup>st</sup> March 2020 has been set at £11.998M, 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 therefore £0.483M, including the respective preceptors' share. This amount is shown within the [Collection Fund Statement](#). The Council's share of this provision as at 31<sup>st</sup> March 2020 equated to £5.879M.

## 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 31<sup>st</sup> 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.

## Carlton CPO

The Council had been the subject of a compensation claim relating to an historic Compulsory Purchase Order (CPO) concerning the acquisition of land at Carlton Marsh in 1985. The initial proceedings were presented to the Upper Tribunal which ruled in the claimant's favour, which the Council appealed, unsuccessfully.

The claim was settled and the provision was fully utilised during 2019/20.

## Other Provisions – Section 117 Provision

On the 28<sup>th</sup> 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.

<b>Note 35 – Contingent Liabilities</b>	
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:	<a href="#">Accounting Policy 24</a>
Areas of Critical Judgements Made:	<a href="#">Judgement 9</a>

## 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.



# STATEMENT OF ACCOUNTS 2019/20

## Termination Benefits

Following the reductions in Government funding to local authorities announced in the Comprehensive Spending Review, the Council has a recurrent funding shortfall over the period to 2019/20.

Plans are currently being drawn up by the Council to mitigate this funding shortfall under the "Future Council" concept.

Given that a large part of the Council's budget relates to staffing costs, there will clearly be an impact on employee numbers and future redundancy costs. The precise number of employees and related cost is not clear at this stage.

## Pension Guarantee – Berneslai Homes

The Council guarantees the full amount of the pension fund deficit of Berneslai Homes Ltd estimated at £32.101M as at 31<sup>st</sup> March 2020 (£34.331M as at 31<sup>st</sup> March 2019), 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 £5.879M in relation to business rates appeals outstanding as at 31<sup>st</sup> March 2020. 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 31<sup>st</sup> March 2020, the case was still ongoing where the defendant was given the right to appeal in the Supreme Court.

### **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:	<a href="#">Accounting Policy 9</a>

## 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 2019/20, the Council paid £4.807M to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay. The figures for 2018/19 were £4.988M representing 16.48% 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 1<sup>st</sup> 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 1<sup>st</sup> April 2016, the 0-19's group transferred to the Council.

## STATEMENT OF ACCOUNTS 2019/20

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 1<sup>st</sup> 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 2019/20, the Council paid £0.216M to NHS Pensions in respect of Public Health employees' retirement benefits, representing 20.68% of pensionable pay, with 0.08% of this being a levy cost. The comparative figures for 2018/19 were £0.192M representing 14.38% of pensionable pay.

<b>Note 37 – Defined Benefit Pension Schemes</b>	
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:	<a href="#">Accounting Policy 9</a>
Areas of Uncertainty:	<a href="#">Uncertainty Statement 3</a>

### 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.

### 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:

## STATEMENT OF ACCOUNTS 2019/20

2018/19			2019/20	
Total Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (Included in Total)		Total Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (Included in Total)
£000s	£000s		£000s	£000s
		<b>Comprehensive Income &amp; Expenditure Statement:</b>		
		<i>Cost of Services :</i>		
27,762	-	- Current Service Cost	29,327	-
12,604	-	- Past Service Costs	1,433	-
(2,748)	-	- Settlements & Curtailments	(5,392)	-
361	-	- Administration Expenses	438	-
		<i>Financing &amp; Investment Income &amp; Expenditure :</i>		
9,455	1,083	- Net Interest Cost	10,446	999
<b>47,434</b>	<b>1,083</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>36,252</b>	<b>999</b>
		<i>Other Post-Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement :</i>		
		<i>Re-measurement of The Net Benefit Liability Comprising:</i>		
(31,601)	-	- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	70,481	-
-	-	- Experience (Gains) / Losses	(61,353)	(2,069)
-	-	- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	(52,091)	(1,173)
75,390	1,433	- Actuarial (Gains) and Losses On Changes in Financial Assumptions	(24,357)	(453)
-	-	- Business Combinations	-	-
<b>43,789</b>	<b>1,433</b>	<b>Total Post Employment Benefit Charged to Other Comprehensive Income &amp; Expenditure</b>	<b>(67,320)</b>	<b>(3,695)</b>
<b>91,223</b>	<b>2,516</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(31,068)</b>	<b>(2,696)</b>

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31<sup>st</sup> March 2020 is a loss of £129.733M (£197.053M loss as at 31<sup>st</sup> March 2019).

2018/19			2019/20	
Total Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (Included in Total)		Total Local Government Pension Scheme	Unfunded Discretionary Benefits Arrangements (Included in Total)
£000s	£000s		£000s	£000s
		<b>Movement in Reserves Statement:</b>		
<b>(47,434)</b>	<b>(1,083)</b>	- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with The Code	<b>(36,252)</b>	<b>(999)</b>
		<b>Actual Amount Charged Against the General Fund Balance for Pensions for the Year:</b>		
<b>26,030</b>		Employers' Contributions Payable to Scheme	<b>25,762</b>	-
-	<b>2,547</b>	Retirement Benefits Payable to Pensioners	-	<b>2,544</b>
<b>(21,404)</b>	<b>1,464</b>	<b>Net Adjustment to Surplus or Deficit for the Provision of Services</b>	<b>(10,490)</b>	<b>1,545</b>

[Note 3](#)

[Note 3](#)

## STATEMENT OF ACCOUNTS 2019/20

### Pension Assets and Liabilities Recognised in the Balance Sheet

2018/19			2019/20	
Total Liabilities: Local Government Pension Scheme	Unfunded Liabilities: Discretionary Benefits Arrangements (Included in Total)		Total Liabilities: Local Government Pension Scheme	Unfunded Liabilities: Discretionary Benefits Arrangements (Included in Total)
£000s	£000s		£000s	£000s
(1,495,686)	(42,881)	Present Value of The Defined Benefit Obligation	(1,371,380)	(37,641)
1,045,427	-	Fair Value of Plan Assets	969,418	-
<b>(450,259)</b>	<b>(42,881)</b>	<b>Net Liability Arising From Defined Benefit Obligation</b>	<b>(401,962)</b>	<b>(37,641)</b>

[Balance Sheet](#)

[Balance Sheet](#)

### Reconciliation of Fair Value of the Scheme (Plan) Assets

2018/19			2019/20	
Total Local Government Pension Scheme	Assets: Discretionary Benefits Arrangements (Included in Total)		Total Local Government Pension Scheme	Assets: Discretionary Benefits Arrangements (Included in Total)
£000s	£000s		£000s	£000s
<b>1,007,881</b>	-	<b>Opening Balance at 1<sup>st</sup> April</b>	<b>1,045,427</b>	-
25,938	-	Interest Income	24,717	-
31,601	-	<i>Re-measurement Gains and (Losses):</i>		
(361)	-	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	(70,481)	-
-	-	- Administration Expenses	(438)	-
(1,345)	-	- Business Combinations	-	-
17,061	2,547	- Settlements	(12,524)	-
5,895	-	Employer Contributions	17,229	2,544
(41,243)	(2,547)	Contributions by Scheme Participants	5,724	-
		Benefits Paid	(40,236)	(2,544)
<b>1,045,427</b>	-	<b>Closing Balance at 31<sup>st</sup> March</b>	<b>969,418</b>	-

## STATEMENT OF ACCOUNTS 2019/20

Local Government Pension Scheme Assets Comprised:

2018/19			2019/20	
Fair Value of Scheme Assets	Percentage of Total		Fair Value of Scheme Assets	Percentage of Total
£000s	%		£000s	%
34,604	3.31	Cash & Cash Equivalents	29,179	3.01
<b>34,604</b>	<b>3.31</b>	<b>Total Cash &amp; Cash Equivalents</b>	<b>29,179</b>	<b>3.01</b>
149,078	14.26	<u>Equity Instruments:</u>	143,862	14.84
-	-	UK Quoted	97	0.01
382,522	36.59	UK Unquoted	357,909	36.92
-	-	Overseas Quoted	-	-
<b>531,600</b>	<b>50.85</b>	<b>Total Equity Instruments</b>	<b>501,868</b>	<b>51.77</b>
-	-	<u>Bonds:</u>	-	-
135,592	12.97	UK Government Fixed	104,794	10.81
28,436	2.72	UK Government Indexed	25,593	2.64
-	-	Overseas Government Fixed	-	-
49,971	4.78	Overseas Government Indexed	48,083	4.96
27,704	2.65	UK Other	22,684	2.34
<b>241,703</b>	<b>23.12</b>	<b>Total Bonds</b>	<b>201,154</b>	<b>20.75</b>
91,370	8.74	<u>Property:</u>	78,038	8.05
-	-	UK Direct	-	-
9,722	0.93	Overseas	8,822	0.91
<b>101,092</b>	<b>9.67</b>	<b>Total Property</b>	<b>86,860</b>	<b>8.96</b>
136,428	13.05	<u>Other Investment Funds:</u>	150,357	15.51
<b>136,428</b>	<b>13.05</b>	<b>Total Other Investment Funds</b>	<b>150,357</b>	<b>15.51</b>
<b>1,045,427</b>	<b>100.00</b>	<b>Total Scheme Assets</b>	<b>969,418</b>	<b>100.00</b>

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

2018/19			2019/20	
Total Liabilities: Local Government Pension Scheme	Unfunded Liabilities: Discretionary Benefits Arrangements (Included in Total)		Total Liabilities: Local Government Pension Scheme	Unfunded Liabilities: Discretionary Benefits Arrangements (Included in Total)
£000s	£000s		£000s	£000s
<b>(1,383,978)</b>	<b>(42,912)</b>	<b>Opening Balance at 1<sup>st</sup> April</b>	<b>(1,495,686)</b>	<b>(42,881)</b>
(27,762)	-	Current Service Cost	(29,327)	-
(12,604)	-	Past Service Cost	(1,433)	-
(35,393)	(1,083)	Interest Cost	(35,163)	(999)
(5,895)	-	Contributions by Scheme Participants	(5,724)	-
-	-	<i>Re-measurement Gains and (Losses):</i>		
-	-	- Experience Gains / (Losses)	61,353	2,069
-	-	- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	52,091	1,173
(75,390)	(1,433)	- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	24,357	453
(1,962)	-	Gains / (Losses) Curtailments	(2,074)	-
41,243	2,547	Benefits Paid	40,236	2,544
6,055	-	Liabilities Extinguished on Settlements	19,990	-
-	-	Business Combinations	-	-
<b>(1,495,686)</b>	<b>(42,881)</b>	<b>Closing Balance at 31<sup>st</sup> March</b>	<b>(1,371,380)</b>	<b>(37,641)</b>

## STATEMENT OF ACCOUNTS 2019/20

### 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 Mercer Human Resource Consulting Ltd, 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 31<sup>st</sup> March 2017 for the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2020.

The principal assumptions used by the actuary have been:

2018/19		2019/20
Years	Mortality Assumptions:	Years
23.1	Longevity at 65 for Current Pensioners (Male)	22.4
25.9	Longevity at 65 for Current Pensioners (Female)	25.2
25.3	Longevity at 65 for Future Pensioners (Male)	23.9
28.3	Longevity at 65 for Future Pensioners (Female)	27.1
%	Other:	%
2.2	Rate of CPI	2.1
3.5	Rate of Increase in Salaries	3.35
2.3	Rate of Increase in Pensions	2.2
2.4	Discount Rate	2.4

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

2018/19		2019/20
Increase in Assumption £000s	Impact on the Defined Benefit Obligation in the Scheme *	Increase in Assumption £000s
(29,609)	- Longevity (Increase or Decrease in 1 Year)	(37,354)
(26,566)	- Rate of Inflation (Increase or Decrease by 0.1%)	(23,132)
(3,335)	- Rate of Increase in Salaries (Increase or Decrease by 0.1%)	(2,623)
26,103	- Rate of Discounting Scheme Liabilities (Increase or Decrease by 0.1%)	22,748

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

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a as constant rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 22 years. Funding levels are monitored on an annual basis. The latest triennial valuation was completed on 31<sup>st</sup> March 2017 in respect of the 3 year period 2017/18 – through 2019/20.

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 31<sup>st</sup> 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 to pay £19.157M expected contributions to the scheme in 2020/21.

The weighted average duration of the defined benefit obligation for scheme members is 17 years during 2019/20.

# STATEMENT OF ACCOUNTS 2019/20

## 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.
--------------	--

Included within the cash flows for operating activities include the following items:

2018/19 £000s		2019/20 £000s
40,512	Interest Paid	41,969
1,301	Interest Received	2,225
52	Dividends Received	207

### **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.
--------------	---

2018/19 £000s		2019/20 £000s
86,037	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	132,507
13	Other Payments for Investing Activities	-
(11,197)	Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	(10,559)
123,950	Net (Receipts) / Payments From Short Term & Long Term Investments	(101,129)
(26,774)	Other Receipts From Investing Activities	(25,524)
<b>172,029</b>	<b>Net Cash (Inflows) / Outflows From Investing Activities</b>	<b>(4,705)</b>

[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.
--------------	--

2018/19 £000s		2019/20 £000s
(95,357)	Net (Receipts) / Payments From Short Term & Long Term Borrowing	(8,846)
(2,859)	Council Tax & NNDR Adjustment / Collection Fund	(1,992)
7,101	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases & On-Balance Sheet PFI Contracts	7,225
<b>(91,115)</b>	<b>Net Cash (Inflows) / Outflows From Financing Activities</b>	<b>(3,613)</b>

[Cash Flow](#)

## STATEMENT OF ACCOUNTS 2019/20

### 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.

	2019/20				
	Long Term Borrowing	Short Term Borrowing	Finance Lease Liabilities	On Balance Sheet PFI Liabilities	Total Liabilities from Financing Activities
	£000s	£000s	£000s	£000s	£000s
<b>Opening Balance at 1<sup>st</sup> April</b>	<b>(573,428)</b>	<b>(96,526)</b>	<b>(2,221)</b>	<b>(213,173)</b>	<b>(885,348)</b>
Financing Cash Flows	(72,222)	63,375	621	6,605	(1,621)
Non Cash Changes:					
- <i>Acquisition</i>	-	-	(1,642)	-	(1,642)
- <i>Other Non-Cash Changes</i>	-	57	-	-	57
<b>Closing Balance at 31<sup>st</sup> March</b>	<b>(645,650)</b>	<b>(33,094)</b>	<b>(3,242)</b>	<b>(206,568)</b>	<b>(888,554)</b>

	2018/19				
	Long Term Borrowing	Short Term Borrowing	Finance Lease Liabilities	On Balance Sheet PFI Liabilities	Total Liabilities from Financing Activities
	£000s	£000s	£000s	£000s	£000s
<b>Opening Balance at 1<sup>st</sup> April</b>	<b>(526,534)</b>	<b>(47,225)</b>	<b>(2,724)</b>	<b>(219,863)</b>	<b>(796,346)</b>
Financing Cash Flows	(46,894)	(48,463)	411	6,690	(88,256)
Non Cash Changes:					
- <i>Acquisition</i>	-	-	-	-	-
- <i>Other Non-Cash Changes</i>	-	(838)	92	-	(746)
<b>Closing Balance at 31<sup>st</sup> March</b>	<b>(573,428)</b>	<b>(96,526)</b>	<b>(2,221)</b>	<b>(213,173)</b>	<b>(885,348)</b>



# STATEMENT OF ACCOUNTS 2019/20

## 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.
--------------	---

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.

2018/19 £000s	Trust Funds / Charities	Details	2019/20 £000s
159	<b>Sole / Custodian Trustees:</b> Hoyland Nether Recreation Ground	Land left in trust to benefit the residents of Hoyland	160
285	Captain Allots	Assist groups / clubs in Hemmingfield & Jump	296
46	Amenity Funds	Monies for residents of Social Services Residential Homes	50
10	Cutlers Charity	Relief of financial hardship within the Barnsley Borough	10
30,101	Penistone Grammar School – Foundation Fund	Provide special benefits not normally provided by the LEA for Penistone Grammar School	33,467
-	Others		-
<b>30,601</b>			<b>33,983</b>
133	<b>Other Funds:</b> Prisoner of War Fund	Grants / Loans for the benefit of ex-service personnel	119
80	Goldthorpe Recreation Ground	Benefits the community of Goldthorpe	59
111	Others	Other Funds	111
<b>324</b>			<b>289</b>
<b>30,925</b>	<b>Total Capital Value of Funds</b>		<b>34,272</b>

The assets shown below represent the above fund balances:

2018/19 £000s	Balance Sheet at 31 <sup>st</sup> March	2019/20 £000s
29,680	<b>Assets:</b> Fixed Assets	33,212
588	Investments	507
519	Cash	411
138	Other Net Assets	142
<b>30,925</b>		<b>34,272</b>
	Represented by:	
<b>30,925</b>	<b>Fund Balances</b>	<b>34,272</b>

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 2019/20

## 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.

2018/19		2019/20	
£000s		£000s	
	<b>Income</b>		
(69,340)	Dwelling Rents (Gross)	(68,875)	
(367)	Non-Dwelling Rents (Gross)	(364)	
(968)	Charges for Services and Facilities	(1,026)	
(1,108)	Contributions Towards Expenditure	(1,705)	
<b>(71,783)</b>	<b>Total Income</b>	<b>(71,970)</b>	<a href="#">CI&amp;ES</a>
	<b>Expenditure</b>		
19,425	Repairs & Maintenance	19,829	
16,131	Supervision & Management	16,900	
208	HRA Share of Corporate & Democratic Core	212	
180	Rents, Rates, Taxes & Other Charges	128	
12,383	Depreciation	14,886	<a href="#">Note E</a>
530	Impairment of Bad Debts	1,901	
22,012	Impairment / (Reversal of Previous Years' Impairments) of Non-Current Assets	20,930	<a href="#">Note F</a>
96	Debt Management Cost	96	
<b>70,965</b>	<b>Total Expenditure</b>	<b>74,882</b>	<a href="#">CI&amp;ES</a>
<b>(818)</b>	<b>Net Cost of HRA Services as Included in the Comprehensive Income &amp; Expenditure Statement</b>	<b>2,912</b>	<a href="#">CI&amp;ES</a>
	<b>HRA Share of Other Operating Income &amp; Expenditure in The CI&amp;ES</b>		
(229)	(Gain) / Loss on Disposal of HRA Fixed Assets	(833)	
<b>(229)</b>	<b>HRA Share of Financing &amp; Investment Income &amp; Expenditure in The CI&amp;ES</b>	<b>(833)</b>	
10,158	Interest Payable & Similar Charges	10,374	
1,186	Premium Incurred on Early Redemption of Debt		
(250)	Interest & Investment Income	(306)	
<b>11,094</b>		<b>10,068</b>	
<b>10,047</b>	<b>(Surplus) / Deficit for the Year on HRA Services</b>	<b>12,147</b>	<a href="#">MIRS</a>

### **MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE**

2018/19		2019/20	
£000s		£000s	
<b>41,517</b>	<b>Balance on the HRA at the End of the Previous Year</b>	<b>37,074</b>	
(10,047)	Surplus or (Deficit) for the Year on the HRA Income & Expenditure Statement	(12,147)	<a href="#">MIRS</a>
5,604	Adjustments Between Accounting Basis and Funding Basis Under Statute	6,890	<a href="#">Note 3</a> <a href="#">/ MIRS</a>
<b>(4,443)</b>	<b>Increase / (Decrease) in the Housing Revenue Account Balance</b>	<b>(5,257)</b>	
<b>37,074</b>	<b>Balance on the HRA at the End of the Current Year</b>	<b>31,817</b>	<a href="#">EFA</a> <a href="#">/ Note 4</a>

# STATEMENT OF ACCOUNTS 2019/20

## NOTES TO THE HOUSING REVENUE ACCOUNT

### Note A – Analysis of Housing Stock as at 31<sup>st</sup> 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 <sup>st</sup> March 2019	Analysis of Housing Stock	31 <sup>st</sup> March 2020
8,729	Detached/Semi Detached Houses	8,630
1,908	Terraced House	1,913
4	House/Shop	4
3,129	Flats / Bedsits	3,127
4,613	Bungalows	4,637
17	Maisonette	18
<b>18,400</b>	<b>Total</b>	<b>18,329</b>

HRA Balance Sheet Information:

2018/19		Asset Category	2019/20	
Value as at 1st April £000s	Value as at 31st March £000s		Value as at 1st April £000s	Value as at 31st March £000s
543,003	564,595	Dwellings	564,595	580,429
24,339	24,700	Other Land & Buildings	24,700	24,692
808	489	Vehicles, Plant, Furniture & Equipment	489	391
146	137	Infrastructure Assets	137	128
198	-	Assets Under Construction	-	572
673	438	Surplus Assets	438	415
84	67	Intangible Assets	67	51
480	-	Assets Held for Sale	-	-
<b>569,731</b>	<b>590,426</b>	<b>Total</b>	<b>590,426</b>	<b>606,678</b>

### 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 1st April 2019 was £1.450M Billion (1st April 2018 value: £1.405M 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%) 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.
--------------	--

2018/19 £000s	Major Repairs Reserve	2019/20 £000s
<b>(4,198)</b>	<b>Balance Brought Forward</b>	<b>(10,807)</b>
(12,383)	<b>Credits:</b>	(14,886)
(8,944)	In Year Depreciation Charge	(5,852)
<b>(21,327)</b>	Additional Contribution to Major Repairs Reserve	<b>(20,738)</b>
14,718	<b>Debits:</b>	16,723
<b>14,718</b>	Capital Expenditure for HRA Purposes	<b>16,723</b>
<b>(10,807)</b>	<b>Balance to Carry Forward</b>	<b>(14,822)</b>

[Note E](#)

## STATEMENT OF ACCOUNTS 2019/20

### 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.
--------------	---

An analysis of capital expenditure within the HRA and sources of finance:

2018/19 £000s	Capital Financing	2019/20 £000s
-	Borrowing	-
1,767	Capital Receipts	1,344
-	Revenue Contributions	-
8,164	Reserves	6,914
14,718	Major Repairs Reserve	16,723
1,007	Grants and Contributions	877
<b>25,656</b>	<b>Total Capital Expenditure Within the HRA</b>	<b>25,858</b>

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

2018/19 £000s	Capital Receipts	2019/20 £000s
6,266	Council House Sales (Net)	6,550
-	Other Land	-
-	Other Buildings	-
-	Non Disposals	-
-	Mortgages and Housing Act Advances	-
<b>6,266</b>	<b>Total</b>	<b>6,550</b>

### 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.
--------------	--

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.

2018/19 £000s	Depreciation	2019/20 £000s
11,579	Council Dwellings	14,281
459	Other Land & Buildings	482
319	Vehicle, Plant, Furniture & Equipment	98
9	Infrastructure Assets	9
-	Surplus Assets Not Held for Sale	-
17	Intangible Assets	16
<b>12,383</b>	<b>Total</b>	<b>14,886</b>

### Note F – HRA Impairments / Revaluation Losses

Description:	This note shows the charges to the HRA in respect of revaluation losses on assets.
--------------	--

In the 5 year period between 2012/13 to 2016/17 inclusive, the revaluation/impairment losses incurred against the Council's HRA non dwellings was 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 2019/20

2018/19 £000s	Impairments / Revaluation Losses	2019/20 £000s
22,028	Impairments / Revaluations Losses – Non-Value Adding Expenditure - Dwellings	20,661
436	Impairments / Revaluations Losses – Non Dwellings	318
(128)	Reversal of Previous Revaluation Losses – OLAB	(49)
(325)	Reversal of Previous Revaluation Losses – Dwellings	-
<b>22,011</b>	<b>Total</b>	<b>20,930</b>

### 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.
--------------	---

There was no such expenditure relating to the HRA during 2019/20 (2018/19 nil).

### 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.
--------------	--

Housing rent arrears total £2.831M as at 31st March 2020 (£2.458M as at 31st March 2019).

A bad debts provision has been made in the accounts in respect of potentially uncollectable rent. The value of the provision at 31st March 2020 is £2.831M (£1.286M as at 31st March 2019). The movement in the year comprises the value of rent arrears written off during the year totalling £0.217M (£0.229M in 2018/19) and an increase in the provision of £1.763M (£0.230M in 2018/19) 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.
--------------	--

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.
--------------	---

There have not been any material exceptional items within the HRA in 2019/20.

# STATEMENT OF ACCOUNTS 2019/20

## 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.

2018/19			<u>COLLECTION FUND ACCOUNT</u>	2019/20		
COUNCIL TAX	BUSINESS RATES	TOTAL		COUNCIL TAX	BUSINESS RATES	TOTAL
£000s	£000s	£000s		£000s	£000s	£000s
			<b>INCOME:</b>			
(113,155)	-	(113,155)	Council Tax	(121,165)	-	(121,165)
-	(54,961)	(54,961)	Non-Domestic Rates ( <a href="#">Note A</a> )	-	(54,603)	(54,603)
<b>(113,155)</b>	<b>(54,961)</b>	<b>(168,116)</b>	<b>Total Income</b>	<b>(121,165)</b>	<b>(54,603)</b>	<b>(175,768)</b>
			<b>EXPENDITURE:</b>			
			<i>Precepts and Demands on Collection Fund by Major Preceptors &amp; the Council:</i>			
89,712	22,860	112,572	BMBC (Including Parish Council Precepts) ( <a href="#">Note C</a> )	95,469	23,282	118,751
-	1,875	1,875	Transitional Protection Payments	-	1,315	1,315
10,704	-	10,704	South Yorkshire Police Authority ( <a href="#">Note C</a> )	12,442	-	12,442
4,467	455	4,922	South Yorkshire Fire & Civil Defence Authority ( <a href="#">Note A</a> / <a href="#">Note C</a> )	4,686	465	5,151
<b>104,883</b>	<b>25,190</b>	<b>130,073</b>		<b>112,597</b>	<b>25,062</b>	<b>137,659</b>
			<i>Non-Domestic Rates:</i>			
-	22,749	22,749	Payment to Central Government ( <a href="#">Note A</a> )	-	23,229	23,229
-	260	260	Cost of Collection Allowance (to BMBC) ( <a href="#">Note A</a> )	-	319	319
-	<b>23,009</b>	<b>23,009</b>		-	<b>23,548</b>	<b>23,548</b>
2,641	886	3,527	Bad Debts Written Off	2,721	651	3,372
(508)	40	(468)	Increase / (Reduction) in Provision for Non-Payment of Council Tax / Business Rates	2,195	(58)	2,137
-	4,246	4,246	Provision for Business Rate Appeals	-	436	436
<b>2,133</b>	<b>5,172</b>	<b>7,305</b>		<b>4,916</b>	<b>1,029</b>	<b>5,945</b>
			<i>Estimated Surplus on Collection Fund:</i>			
3,115	(30)	3,085	Transfer to General Fund	2,615	1,190	3,805
320	-	320	Transfer to South Yorkshire Police Authority	335	-	335
144	(1)	143	Transfer to South Yorkshire Fire & Civil Defence Authority	144	24	168
-	(31)	(31)	Central Government	-	1,215	1,215
<b>3,579</b>	<b>(62)</b>	<b>3,517</b>		<b>3,094</b>	<b>2,429</b>	<b>5,523</b>
<b>110,595</b>	<b>53,309</b>	<b>163,904</b>	<b>Total Expenditure</b>	<b>120,607</b>	<b>52,068</b>	<b>172,675</b>
<b>(2,560)</b>	<b>(1,652)</b>	<b>(4,212)</b>	<b>(Surplus) / Deficit for Year</b>	<b>(558)</b>	<b>(2,535)</b>	<b>(3,093)</b>
			<b>COLLECTION FUND BALANCE:</b>			
<b>(17,217)</b>	<b>(991)</b>	<b>(18,208)</b>	(Surplus) / Deficit Brought Forward	<b>(19,777)</b>	<b>(2,983)</b>	<b>(22,760)</b>
<b>(2,560)</b>	<b>(1,652)</b>	<b>(4,212)</b>	(Surplus) / Deficit for Year	<b>(558)</b>	<b>(2,535)</b>	<b>(3,093)</b>
<b>(19,777)</b>	<b>(2,643)</b>	<b>(22,420)</b>	<b>(Surplus) / Deficit Carried Forward</b>	<b>(20,335)</b>	<b>(5,518)</b>	<b>(25,853)</b>
			<b>SHARE OF (SURPLUS) / DEFICIT BALANCE:</b>			
(16,758)	(1,304)	(18,062)	Barnsley MBC	(17,279)	(2,704)	(19,983)
(3,019)	(17)	(3,036)	Precepting Authorities	(3,056)	(55)	(3,111)
-	(1,322)	(1,322)	Central Government	-	(2,759)	(2,759)
<b>(19,777)</b>	<b>(2,643)</b>	<b>(22,420)</b>	<b>Total</b>	<b>(20,335)</b>	<b>(5,518)</b>	<b>(25,853)</b>

## STATEMENT OF ACCOUNTS 2019/20

### 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:

	2018/19	2019/20
Total Rateable Value as at 31st March	£139.497M	£141,560M
Standard Multiplier	0.493	0.504
Small Business Multiplier	0.480	0.491

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.
--------------	--

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 2019/20 was £1,750.77 (£1,660.90 for 2018/19), and was based on the tax base in the table below (62,907.100 for 2018/19):

Band	Total No of Dwellings*	Proportion of Band D Charge	Band D Equivalent	Adjusted for Estimated Collectable Band D Equivalent (95%)
A-	199	5/9	110.400	104.880
A	45,491	6/9	30,327.200	28,810.840
B	15,340	7/9	11,931.000	11,334.450
C	11,868	8/9	10,549.100	10,021.645
D	6,687	9/9	6,687.250	6,352.888
E	3,512	11/9	4,292.400	4,077.780
F	1,406	13/9	2,030.600	1,929.070
G	621	15/9	1,035.700	983.915
H	27	18/9	54.600	51.870
	<b>85,151</b>		<b>67,018.250</b>	<b>63,667.338</b>

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

## STATEMENT OF ACCOUNTS 2019/20

### 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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<b>2018/19 £000s</b>	<b>Demand per Collection Fund</b>	<b>2019/20 £000s</b>
89,311	BMBC	95,063
401	Parish Precepts	406
10,704	Police Authority	12,442
4,467	Fire & Civil Defence Authority	4,686
<b>104,883</b>	<b>Total Precepts</b>	<b>112,597</b>



**STATEMENT OF ACCOUNTS 2019/20**  
**SECTION 7 - GROUP ACCOUNTS**

**THE GROUP MOVEMENT IN RESERVES STATEMENT**

<b><u>Movement in Reserves During 2019/20</u></b>	Useable BMCB Reserves	Unusable BMCB Reserves	<b>Total BMCB Reserves</b>	Other Group Entity Useable Reserves	Other Group Entity Unusable Reserves	<b>Total Other Group Entity Reserves</b>	<b>Total Group Reserves</b>
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance of Reserves at 1st April 2019</b>	<b>198,862</b>	<b>(219,001)</b>	<b>(20,139)</b>	<b>13,931</b>	<b>(4,750)</b>	<b>9,181</b>	<b>(10,958)</b>
Total Comprehensive Expenditure & Income	(32,266)	107,708	<b>75,442</b>	(3,601)	9,885	<b>6,284</b>	<b>81,726</b>
Adjustments Between Accounting Basis & Funding Basis Under Regulations	39,581	(39,581)	-	-	-	-	-
Adjustments Between Group Entity Reserves	-	-	-	4,142	(4,142)	-	-
<b>Net Increase / (Decrease) in 2019/20</b>	<b>7,315</b>	<b>68,127</b>	<b>75,442</b>	<b>541</b>	<b>5,743</b>	<b>6,284</b>	<b>81,726</b>
<b>Balance of Reserves at 31st March 2020</b>	<b>206,177</b>	<b>(150,874)</b>	<b>55,303</b>	<b>14,472</b>	<b>993</b>	<b>15,465</b>	<b>70,768</b>

[Group CI&ES](#)

[Group Balance Sheet](#)

<b><u>Movement in Reserves During 2018/19</u></b> <b><u>(Restated)</u></b>	Useable BMCB Reserves	Unusable BMCB Reserves	<b>Total BMCB Reserves</b>	Other Group Entity Useable Reserves	Other Group Entity Unusable Reserves	<b>Total Other Group Entity Reserves</b>	<b>Total Group Reserves</b>
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance of Reserves at 1st April 2018</b>	<b>197,956</b>	<b>(177,467)</b>	<b>20,489</b>	<b>13,410</b>	<b>6,489</b>	<b>19,899</b>	<b>40,388</b>
Total Comprehensive Expenditure & Income	(45,305)	4,677	<b>(40,628)</b>	(5,390)	(5,328)	<b>(10,718)</b>	<b>(51,346)</b>
Adjustments Between Accounting Basis & Funding Basis Under Regulations	46,211	(46,211)	-	-	-	-	-
Adjustments Between Group Entity Reserves	-	-	-	5,911	(5,911)	-	-
<b>Net Increase / (Decrease) in 2018/19</b>	<b>906</b>	<b>(41,534)</b>	<b>(40,628)</b>	<b>521</b>	<b>(11,239)</b>	<b>(10,718)</b>	<b>(51,346)</b>
<b>Balance of Reserves at 31st March 2019</b>	<b>198,862</b>	<b>(219,001)</b>	<b>(20,139)</b>	<b>13,931</b>	<b>(4,750)</b>	<b>9,181</b>	<b>(10,958)</b>

[Group CI&ES](#)

[Group Balance Sheet](#)

# STATEMENT OF ACCOUNTS 2019/20

## THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2018/19 (Restated)				2019/20		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			<b>Net Cost of Services:</b>			
232,634	(140,631)	92,003	Children's Services	153,283	(100,401)	52,882
99,946	(29,061)	70,885	Place	103,913	(29,777)	74,136
37,256	(71,783)	(34,527)	Housing Revenue Account	40,675	(71,970)	(31,295)
38,836	(16,277)	22,559	Adults & Communities	96,755	(40,355)	56,400
10,307	(9,937)	370	Public Health	12,539	(7,787)	4,752
99,890	(108,546)	(8,656)	Core Services	104,052	(104,681)	(629)
9,081	(21,398)	(12,317)	Corporate Services	27,474	(45,776)	(18,302)
36,466	(527)	35,939	Berneslai Homes	35,064	179	35,243
904	(49)	855	Penistone Grammar Trust	896	(54)	842
<b>565,320</b>	<b>(398,209)</b>	<b>167,111</b>	<b>Net Cost of Services</b>	<b>574,651</b>	<b>(400,622)</b>	<b>174,029</b>
			<b>Other Operating Income &amp; Expenditure:</b>			
431	-	431	Parish Council Precepts	436	-	436
1,671	-	1,671	Payments to Central Government Housing Capital Receipts Pool	1,666	-	1,666
9,070	(11,197)	(2,127)	(Gains) / Losses on The Disposal of Non-Current Assets	6,973	(10,558)	(3,585)
33,304	-	33,304	Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers	9,679	-	9,679
<b>44,476</b>	<b>(11,197)</b>	<b>33,279</b>	<b>Total Other Operating Expenditure</b>	<b>18,754</b>	<b>(10,558)</b>	<b>8,196</b>
			<b>Financing &amp; Investment Income &amp; Expenditure:</b>			
20,765	-	20,765	Interest Payable on Debt	22,895	-	22,895
76	-	76	Interest Element of Finance Leases	97	-	97
20,857	-	20,857	Interest Payable on PFI Unitary Payments	20,279	-	20,279
10,077	-	10,077	Net Interest on The Defined Benefit Liability / Asset	11,280	-	11,280
-	-	-	Movement in Fair Value of Financial Assets	-	-	-
326	-	326	Expected Credit Loss Model	1,358	-	1,358
2,075	-	2,075	Premium Incurred on Early Redemption of Debt	-	-	-
-	(1,793)	(1,793)	Investment Interest Income	-	(2,045)	(2,045)
-	(52)	(52)	Dividends Receivable	-	(207)	(207)
-	(11)	(11)	Interest Received on Finance Leases	-	(10)	(10)
4,683	(5,332)	(649)	(Surplus) / Deficit of Trading Undertakings or Other Operations	3,612	(4,357)	(745)
-	-	-	Subsidiary Taxation	1	-	1
<b>58,859</b>	<b>(7,188)</b>	<b>51,671</b>	<b>Total Financing &amp; Investment Income &amp; Expenditure</b>	<b>59,522</b>	<b>(6,619)</b>	<b>52,903</b>

Continued overleaf.

## STATEMENT OF ACCOUNTS 2019/20

### THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

2018/19 (Restated)				2019/20		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			<b>Taxation &amp; Non Specific Grant Income:</b>			
-	(27,841)	(27,841)	Recognised Capital Grants & Contributions	-	(25,289)	(25,289)
-	(4,758)	(4,758)	Section 31 Grant – Small Business Rate Relief (SBRR)	-	(4,976)	(4,976)
-	(19,022)	(19,022)	Revenue Support Grant (RSG)	-	(12,746)	(12,746)
-	(94,898)	(94,898)	Council Tax	-	(98,646)	(98,646)
-	(23,130)	(23,130)	Business Rates Retention Scheme – Locally Retained	-	(25,394)	(25,394)
-	(31,717)	(31,717)	Business Rates Retention Scheme – Top Up Grant	-	(32,210)	(32,210)
-	<b>(201,366)</b>	<b>(201,366)</b>	<b>Total Taxation &amp; Non Specific Grant Income</b>	-	<b>(199,261)</b>	<b>(199,261)</b>
<b>668,655</b>	<b>(617,960)</b>	<b>50,695</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>652,927</b>	<b>(617,060)</b>	<b>35,867</b>
			<b>Other Comprehensive Income &amp; Expenditure:</b>			
-	(48,759)	(48,759)	(Gains) / Losses on Revaluation of Property, Plant & Equipment Assets	6,318	(51,059)	(44,741)
272	-	272	(Gains) / Losses on Revaluation of Financial Instruments	145	-	145
43,789	5,349	49,138	Actuarial (Gains) / Losses on Pension Assets / Liabilities	(5,677)	(67,320)	(72,997)
<b>44,061</b>	<b>(43,410)</b>	<b>651</b>	<b>Other Comprehensive Income &amp; Expenditure</b>	<b>786</b>	<b>(118,379)</b>	<b>(117,593)</b>
<b>712,716</b>	<b>(661,370)</b>	<b>51,346</b>	<b>Total Comprehensive Income &amp; Expenditure</b>	<b>653,713</b>	<b>(735,439)</b>	<b>(81,726)</b>

# STATEMENT OF ACCOUNTS 2019/20

## GROUP BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020

2018/19 (Restated) £000s		2019/20 £000s	2019/20 £000s
	<b>NON-CURRENT ASSETS</b>		
	<b>Property Plant and Equipment:</b>		
564,595	- Council Dwellings	580,429	
310,000	- Other Land & Buildings	334,242	
5,709	- Vehicles, Plant, Furniture & Equipment	9,435	
257,291	- Infrastructure Assets	264,599	
-	- Community Assets	-	
36,876	- Assets Under Construction	70,118	
3,665	- Surplus Assets	2,924	
<b>1,178,136</b>			<b>1,261,747</b>
10,427	Heritage Assets	10,427	
690	Investment Properties	709	
1,176	Intangible Assets	946	
4,749	Long Term Investments	4,546	
2,333	Long Term Debtors	909	
<b>19,375</b>			<b>17,537</b>
<b>1,197,511</b>	<b>Total Non-Current Assets</b>		<b>1,279,284</b>
	<b>CURRENT ASSETS</b>		
5,330	Assets 'Held for Sale'	4,108	
157,040	Short Term Investments	57,311	
1,479	Inventories	1,575	
9,676	Local Taxation Debtors	10,072	
(7,311)	Impairment of Local Taxation Debtors	(9,772)	
41,653	Other Short Term Debtors	62,203	
(5,699)	Impairment of Short Term Debtors	(7,800)	
-	Corporation Tax Asset	-	
45,724	Cash & Cash Equivalents	82,303	
<b>247,892</b>	<b>Total Current Assets</b>		<b>200,000</b>
<b>1,445,403</b>	<b>TOTAL GROUP ASSETS</b>		<b>1,479,284</b>
	<b>CURRENT LIABILITIES</b>		
(94,707)	Short Term Borrowing	(31,229)	
(8,851)	Other Short Term Liabilities	(9,507)	
(52,829)	Short Term Creditors	(49,197)	
-	Corporation Tax Liability	-	
(7,184)	Provisions	(6,380)	
(19,724)	Capital Grants Receipts in Advance	(17,699)	
(2,230)	Revenue Grants Receipts in Advance	(8,152)	
-	Bank Overdraft		
<b>(185,525)</b>	<b>Total Current Liabilities</b>		<b>(122,164)</b>
	<b>LONG TERM LIABILITIES</b>		
(571,563)	Long Term Borrowing	(645,650)	
(210,947)	Other Long Term Liabilities	(202,914)	
(3,736)	Long Term Provisions	(3,725)	
(484,590)	Retirement Benefit Obligations	(434,063)	
<b>(1,270,836)</b>	<b>Total Long Term Liabilities</b>		<b>(1,286,352)</b>
<b>(1,456,361)</b>	<b>TOTAL GROUP LIABILITIES</b>		<b>(1,408,516)</b>
<b>(10,958)</b>	<b>GROUP NET ASSETS</b>		<b>70,768</b>

Continued overleaf

## STATEMENT OF ACCOUNTS 2019/20

### GROUP BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2020 (CONTINUED)

2018/19 (Restated) £000s		2019/20 £000s	2019/20 £000s
	<b>BMBC USEABLE RESERVES:</b>		
130,114	- General Fund	133,875	
37,074	- Housing Revenue Account	31,817	
15,071	- Useable Capital Receipts Reserve	16,810	
10,807	- Major Repairs Reserve	14,821	
5,796	- Capital Grant Unapplied Reserve	8,854	
<b>198,862</b>	<b>TOTAL BMBC USEABLE RESERVES</b>		<b>206,177</b>
	<b>BMBC UNUSABLE RESERVES:</b>		
(2,714)	- Capital Adjustment Account	(24,780)	
61	- Deferred Capital Receipts Reserve	60	
(12,693)	- Financial Instruments Adjustment Account	(12,057)	
(458,793)	- Pensions Reserve	(401,962)	
(263)	- Financial Instrument Revaluation Reserve	(320)	
240,484	- Revaluation Reserve	271,208	
(3,145)	- Accumulated Absences Account	(3,007)	
18,062	- Collection Fund Adjustment Account	19,984	
<b>(219,001)</b>	<b>TOTAL BMBC UNUSABLE RESERVES</b>		<b>(150,874)</b>
<b>(20,139)</b>	<b>TOTAL BMBC RESERVES</b>		<b>55,303</b>
	<b>OTHER GROUP ENTITY USEABLE RESERVES:</b>		
13,407	- Berneslai Homes Retained Surplus	14,094	
525	- Penistone Grammar Trust – Unrestricted Funds	379	
<b>13,932</b>	<b>TOTAL OTHER GROUP ENTITY USEABLE RESERVES</b>		<b>14,473</b>
	<b>OTHER GROUP ENTITY UNUSABLE RESERVES:</b>		
(34,331)	- Berneslai Homes Pensions Reserve	(32,101)	
29,580	- Penistone Grammar Trust – Restricted Funds	33,093	
<b>(4,751)</b>	<b>TOTAL OTHER GROUP ENTITY UNUSABLE RESERVES</b>		<b>992</b>
<b>9,181</b>	<b>TOTAL OTHER GROUP ENTITY RESERVES</b>		<b>15,465</b>
<b>(10,958)</b>	<b>TOTAL GROUP RESERVES</b>		<b>70,768</b>

# STATEMENT OF ACCOUNTS 2019/20

## GROUP CASH FLOW STATEMENT

2018/19 (Restated) £000s		2019/20 £000s	2019/20 £000s
<b>50,695</b>	<b>Net (Surplus) / Deficit on Provision of Services</b>		<b>35,867</b>
	<b><u>Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:</u></b>		
(74,993)	- Depreciation & Impairment	(80,007)	
(34,766)	- Pension Fund Adjustments	(21,637)	
(42,374)	- Carrying Amount of Non-Current Assets Sold	(16,652)	
(1,782)	- (Increase) / Decrease in Provisions	815	
(81)	- Increase / (Decrease) in Inventories	96	
(8,254)	- Increase / (Decrease) in Debtors	14,730	
(6,899)	- (Increase) / Decrease in Creditors	2,870	
528	- Other Non-Cash Adjustments	(105)	
<b>(168,621)</b>			<b>(99,890)</b>
<b>1</b>	- Taxation Paid		<b>1</b>
	<b><u>Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing &amp; Financing Activities:</u></b>		
27,841	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	25,289	
(2,075)	- Premiums Paid on Early Settlement of Debt	-	
11,196	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	10,558	
<b>36,962</b>			<b>35,847</b>
	<b><u>Adjustments for Items Not Included in the Net (Surplus) or Deficit on the Provision of Services that are Operating Activities:</u></b>		
-	- Pension Deficit Upfront Payment	-	
-			-
<b>(80,963)</b>	<b>Net Cash (Inflow) / Outflow From Operating Activities</b>		<b>(28,175)</b>
171,996	<b>Net Cash (Inflow) / Outflow From Investing Activities</b>		(4,791)
(91,115)	<b>Net Cash (Inflow) / Outflow From Financing Activities</b>		(3,613)
<b>(82)</b>	<b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b>		<b>(36,579)</b>

### Reconciliation and Analysis of Group Cash & Cash Equivalent Balances

2018/19 £000s		2019/20 £000s
<b>45,642</b>	<b>Group Cash &amp; Cash Equivalents as at 1<sup>st</sup> April</b>	<b>45,724</b>
82	Net Increase / (Decrease) in Cash & Cash Equivalents	36,579
<b>45,724</b>	<b>Group Cash &amp; Cash Equivalents as at 31<sup>st</sup> March</b>	<b>82,303</b>
	<b>Made Up Of The Following Elements:</b>	
	<u>BMBC Cash &amp; Cash Equivalents:</u>	
2	Cash Held By The Council	2
(6,420)	Cash in Transit	(5,345)
3,687	Bank Current Accounts	(1,103)
38,122	Short Term Deposits With Financial Institutions	75,015
<b>35,391</b>	<b>Total BMBC Cash &amp; Cash Equivalents</b>	<b>68,569</b>
	<u>Other Group Entity Cash &amp; Cash Equivalents:</u>	
91	Bank Current Accounts	2,391
10,242	Short Term Deposits With Financial Institutions	11,343
<b>10,333</b>	<b>Total Other Group Entity Cash &amp; Cash Equivalents</b>	<b>13,734</b>
<b>45,724</b>	<b>Group Cash &amp; Cash Equivalents as at 1<sup>st</sup> April</b>	<b>82,303</b>

# STATEMENT OF ACCOUNTS 2019/20

## 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 18,400 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 (1<sup>st</sup> April – 31<sup>st</sup> 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.

#### 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 (1<sup>st</sup> April – 31<sup>st</sup> 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.

#### Other Subsidiary Interests

The Council also 100% owns one other trading company, namely BMBC Services Ltd. Whilst the Council considers this company as falling within the group boundary in respect of control, it is deemed not material to the group position and is therefore not consolidated in the Group Accounts. For information on this company, [Note 17](#) refers.

#### 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.

## STATEMENT OF ACCOUNTS 2019/20

### Note C - 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:

<b>Expenditure / Income</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>£000s</b>	<b>£000s</b>
<b>Expenditure:</b>		
Employee Benefits Expenses	210,810	190,669
Other Services Expenses	281,197	302,078
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	78,323	86,875
Interest Payments	53,849	54,551
Precepts & Levies	431	436
Payments to Housing Capital Receipts Pool	1,671	1,666
Write Out NBV Relating to the Disposal of Assets	42,374	16,652
<b>Total Expenditure</b>	<b>668,655</b>	<b>652,927</b>
<b>Income:</b>		
Fees, Charges & Other Service Income	(136,272)	(138,580)
Interest & Investment Income	(1,856)	(2,275)
Income From Council Tax & Non-Domestic Rates	(118,028)	(124,040)
Government Grants & Contributions	(350,607)	(341,607)
Sale Proceeds Relating to the Disposal of Assets	(11,197)	(10,558)
<b>Total Income</b>	<b>(617,960)</b>	<b>(617,060)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>50,695</b>	<b>35,867</b>

### Note D - Officers' Remuneration & Exit Packages

Description:	This note shows the Senior Management Team remuneration of the Group.
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The table below sets out the remuneration disclosures for Senior Officers of the Group (as defined in Local Authority Accounting Panel Bulletin 85):

Post	2019/20				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s
For Senior Management of the Council, please refer to <a href="#">Note 13</a>					
Berneslai Homes Directors <b>A</b>					526

Post	2018/19				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s
For Senior Management of the Council, please refer to <a href="#">Note 13</a>					
Berneslai Homes Directors <b>A</b>					503

#### Notes:

- A** Berneslai Homes do not have a requirement to publish this information in their statement of accounts on an individual basis as per UK GAAP Standard FRS 102.



## STATEMENT OF ACCOUNTS 2019/20

### 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 <sup>st</sup> March 2019			31 <sup>st</sup> March 2020	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		<b>Investments:</b>		
2,369	156,926	Loans & Receivables at Amortised Cost	2,311	57,197
2,380	114	Unquoted Equity Investment at Fair Value through Other Comprehensive Income	2,234	114
<b>4,749</b>	<b>157,040</b>	<b>Total Investments</b>	<b>4,545</b>	<b>57,311</b>
		<b>Debtors:</b>		
2,333	234	Amortised Cost	909	196
<b>2,333</b>	<b>234</b>	<b>Total Debtors **</b>	<b>909</b>	<b>196</b>
		<b>Cash Equivalents:</b>		
-	48,364	Amortised Cost	-	86,358
-	<b>48,364</b>	<b>Total Cash Equivalents *</b>	-	<b>86,358</b>
<b>7,082</b>	<b>205,638</b>	<b>Total Financial Assets</b>	<b>5,454</b>	<b>143,865</b>
		<b>Borrowings:</b>		
(571,563)	(94,707)	Financial Liabilities at Amortised Cost	(645,650)	(31,229)
<b>(571,563)</b>	<b>(94,707)</b>	<b>Total Borrowings</b>	<b>(645,650)</b>	<b>(31,229)</b>
		<b>Other Liabilities:</b>		
(210,947)	(8,851)	Amortised Cost	(202,913)	(9,507)
<b>(210,947)</b>	<b>(8,851)</b>	<b>Total Other Liabilities</b>	<b>(202,913)</b>	<b>(9,507)</b>
<b>(782,510)</b>	<b>(103,558)</b>	<b>Total Financial Liabilities</b>	<b>(848,563)</b>	<b>(40,736)</b>

\* 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 <sup>st</sup> March 2019				31 <sup>st</sup> March 2020		
Total Debtors	Impairment For Bad Debts	Total		Total Debtors	Impairment For Bad Debts	Total
£000s	£000s	£000s		£000s	£000s	£000s
14,438	(5,699)	<b>8,739</b>	Trade Receivables	15,630	(7,800)	<b>7,830</b>
9,461	-	<b>9,461</b>	Prepayments & Accrued Grant Income	23,931		<b>23,931</b>
17,754	-	<b>17,754</b>	Other Receivable Amounts	22,642		<b>22,642</b>
<b>41,653</b>	<b>(5,699)</b>	<b>35,954</b>	<b>Total</b>	<b>62,203</b>	<b>(7,800)</b>	<b>54,403</b>

## STATEMENT OF ACCOUNTS 2019/20

### 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 <sup>st</sup> March 2019 £000s		31 <sup>st</sup> March 2020 £000s
(11,782)	Trade Creditors	(5,038)
(10,193)	Other Creditors	(10,373)
(7,205)	Capital Creditors	(7,313)
(1,936)	Receipts in Advance	(3,917)
(6,274)	Payroll Creditors	(5,534)
(7,967)	NNDR	(9,342)
(4,301)	Council Tax	(4,686)
(3,168)	Other Tax & Social Security	(2,994)
<b>(52,826)</b>	<b>Total</b>	<b>(49,197)</b>

### 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.
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2018/19				2019/20		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
			<b><u>Comprehensive Income &amp; Expenditure Statement:</u></b>			
			<i>Cost of Services :</i>			
27,762	3,747	31,509	- Current Service Cost	29,327	4,281	33,608
12,604	2,459	15,063	- Past Service Costs	1,433	227	1,660
(2,748)	-	(2,748)	- Settlements & Curtailments	(5,392)	-	(5,392)
361	50	411	- Administration Expenses	438	66	504
			<i>Financing &amp; Investment Income &amp; Expenditure :</i>			
9,455	621	10,076	- Net Interest Cost	10,446	834	11,280
<b>47,434</b>	<b>6,877</b>	<b>54,311</b>	<b>Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services</b>	<b>36,252</b>	<b>5,408</b>	<b>41,660</b>
			<i>Other Post-Employment Benefits Charged to the Comprehensive Income &amp; Expenditure Statement :</i>			
			<i>Re-measurement of The Net Benefit Liability Comprising:</i>			
(31,601)	(3,596)	(35,197)	- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	70,481	5,586	76,067
-	-	-	- Experience (Gains) / Losses	(61,353)	(5,065)	(66,418)
-	-	-	- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	(52,091)	-	(52,091)
75,390	8,945	84,335	- Actuarial (Gains) and Losses On Changes in Financial Assumptions	(24,357)	(6,198)	(30,555)
-	-	-	Business Combinations	-	-	-
<b>43,789</b>	<b>5,349</b>	<b>49,138</b>	<b>Total Post Employment Benefit Charged to Other Comprehensive Income &amp; Expenditure</b>	<b>(67,320)</b>	<b>(5,677)</b>	<b>(72,997)</b>
<b>91,223</b>	<b>12,226</b>	<b>103,449</b>	<b>Total Post Employment Benefit Charged to the Comprehensive Income &amp; Expenditure Statement</b>	<b>(31,068)</b>	<b>(269)</b>	<b>(31,337)</b>

## STATEMENT OF ACCOUNTS 2019/20

2018/19				2019/20		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
			<b>Movement in Reserves Statement:</b>			
(47,434)	(6,877)	(54,311)	- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with The Code	(36,252)	(5,408)	(41,660)
			<b>Actual Amount Charged Against the General Fund Balance for Pensions for the Year:</b>			
26,030	1,864	27,894	Employers' Contributions Payable to Scheme	25,762	1,961	27,723
-	-	-	Retirement Benefits Payable to Pensioners	-	-	-
(21,404)	(5,013)	(26,417)	<b>Net Adjustment to Surplus or Deficit for the Provision of Services</b>	(10,490)	(3,447)	(13,937)

### Pension Assets and Liabilities Recognised in the Balance Sheet

2018/19				2019/20		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
(1,495,686)	(153,262)	(1,648,948)	Present Value of The Defined Benefit Obligation	(1,371,380)	(148,289)	(1,519,669)
1,045,427	118,931	1,164,358	Fair Value of Plan Assets	969,418	116,188	1,085,606
(450,259)	(34,331)	(484,590)	<b>Net Liability Arising From Defined Benefit Obligation</b>	(401,962)	(32,101)	(434,063)

### Reconciliation of Fair Value of the Scheme (Plan) Assets

2018/19				2019/20		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
1,007,881	112,438	1,120,319	<b>Opening Balance at 1<sup>st</sup> April</b>	1,045,427	118,931	1,164,358
25,938	3,035	28,973	Interest Income	24,717	2,972	27,689
		-	<i>Re-measurement Gains and (Losses):</i>			-
31,601	3,596	35,197	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	(70,481)	(5,586)	(76,067)
(361)	(50)	(411)	Administration Expenses	(438)	(66)	(504)
-	-	-	Business Combinations	-	-	-
(1,345)	-	(1,345)	Settlements	(12,524)	-	(12,524)
17,061	1,864	18,925	Employer Contributions	17,229	1,961	19,190
5,895	821	6,716	Contributions by Scheme Participants	5,724	860	6,584
(41,243)	(2,773)	(44,016)	Benefits Paid	(40,236)	(2,884)	(43,120)
1,045,427	118,931	1,164,358	<b>Closing Balance at 31<sup>st</sup> March</b>	969,418	116,188	1,085,606

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

2018/19				2019/20		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
<b>(1,383,978)</b>	<b>(136,407)</b>	<b>(1,520,385)</b>	<b>Opening Balance at 1<sup>st</sup> April</b>	<b>(1,495,686)</b>	<b>(153,262)</b>	<b>(1,648,949)</b>
(27,762)	(3,747)	(31,509)	Current Service Cost	(29,327)	(4,281)	(33,608)
(12,604)	(2,459)	(15,063)	Past Service Costs	(1,433)	(227)	(1,660)
(35,393)	(3,657)	(39,050)	Interest Cost	(35,163)	(3,806)	(38,969)
(5,895)	(821)	(6,716)	Contributions by Scheme Participants	(5,724)	(860)	(6,584)
			<i>Re-measurement Gains and (Losses):</i>			
-	-	-	- Experience Gains / (Losses)	61,353	5,065	66,418
-	-	-	- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	52,091	-	52,091
(75,390)	(8,945)	(84,335)	- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	24,357	6,198	30,555
(1,962)	-	(1,962)	Gains / (Losses) Curtailments	(2,074)	-	(2,074)
41,243	2,773	44,016	Benefits Paid	40,236	2,884	43,120
6,055	-	6,055	Liabilities Extinguished on Settlements	19,990	-	19,990
-	-	-	Business Combinations	-	-	-
<b>(1,495,686)</b>	<b>(153,262)</b>	<b>(1,648,949)</b>	<b>Closing Balance at 31<sup>st</sup> March</b>	<b>(1,371,380)</b>	<b>(148,289)</b>	<b>(1,519,670)</b>

# STATEMENT OF ACCOUNTS 2019/20

## TECHNICAL ANNEX A

### THE COUNCIL'S ACCOUNTING POLICIES

#### **1. General Principles**

The Statement of Accounts summarises the Council's transactions for the 2019/20 financial year and its position at the year-end of 31<sup>st</sup> March 2020. 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 2019/20 (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 1<sup>st</sup> 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 2019/20

- 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 were no material acquired or discontinued operations during 2019/20.

### **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 is 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.

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### 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 2019/20 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 2019/20

- 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.



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## 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 2019/20

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 of 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;

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- 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.

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### 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).

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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 assets' 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.

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## 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.

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 and Vehicles, Furniture, Plant and Equipment– 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).

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. 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 1<sup>st</sup> 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

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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 – 7
Vehicles	Straight Line	5 – 8
Surplus Assets	Straight Line	5 – 40
Land	N/A	Infinite
Community Assets	N/A	N/A

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

Vehicles, Plant, Furniture & Equipment 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

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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 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.



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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 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.

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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.

Similarly 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.

### 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.

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### 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 2019/20

## 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:

1. Whether a lease is an operating or finance lease. A lease would normally be classed as a finance lease where it meets one of the following criteria:
  - o Ownership of the asset transferred to the Council at the end of the lease term;
  - o The lessee has an option to purchase the asset at the end of the lease term for a price expected to be sufficiently lower than the fair value;
  - o The lease term is for the major part of the economic life of the asset;
  - o That the present value of minimum lease payments amount to at least substantially all (90% or more) of the fair value of the leased asset; and
  - o The leased assets are of such a specialised nature that only the lessee can use them without modification.
2. Whether contractual arrangements have the substance of a lease;
3. Whether a third party constitutes a related party to the Council;
4. Whether arrangements that the Council is party to, constitute a joint arrangement;
5. Whether financial instruments are expected to be fully receivable and the amount of expected credit losses to charge;
6. Whether a public / private partnership is a service concession;
7. Whether land and buildings owned by the Council are investment properties;
8. Whether the substance of a relationship between the Council and another entity indicates that the entity is controlled by the Council;
9. Whether the Council's exposure to possible losses is to be accounted for as a provision or a contingent liability; and
10. Whether Academy, Voluntary Controlled and Voluntary Aided school assets should be included within the Council's Balance Sheet.

#### 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 taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31<sup>st</sup> March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

No	Item	Uncertainties
1	<b>Non-Current Assets (Depreciation)</b>	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.
2	<b>Non-Current Assets (Valuations)</b>	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.  The current economic climate is uncertain, as a result of the COVID-19 pandemic. In respect of asset valuations, the Council's valuer has assessed the valuations with the empirical evidence at that time. As the pandemic hit in the final two weeks of the financial year, there is no evidence to evidence the impact, though it is appreciated that the impact will be born in 2020/21. As a result, the valuer has included a "material uncertainty" statement in their valuation certificate.
3	<b>Provisions</b>	The Council has a number of provisions, the two largest being insurance fund and NNDR business rate appeals / rating list review. These provisions are based on the number of claims received and

## STATEMENT OF ACCOUNTS 2019/20

		an average settlement amount. It is not certain that all valid claims have yet been received by the Council, or that precedents set by other authorities in the settlement of claims will be applicable.
<b>4</b>	<b>Pensions Liability</b>	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.
<b>5</b>	<b>Arrears</b>	The Council has a balance of sundry debtors that is subject to uncertainty in respect of the overall collectability. To mitigate this uncertainty and risk, the Council undertakes a review each year on the likelihood of the debt outstanding being recovered based on the respective stages of the debt. The Council provides for an element of this debt in the event of default, whilst still proceeding to collect, as long as this is economical viable.
<b>6</b>	<b>Fair Value Measurements</b>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for <i>similar</i> assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities.</p> <p>Where Level 1 inputs are not available, the Council employs or commissions relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for Surplus Assets &amp; Assets Held for Sale, the Council's chief valuation officer).</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in <a href="#">Note 19</a>, <a href="#">Note 23</a> and <a href="#">Note 27</a> respectively.</p>

# STATEMENT OF ACCOUNTS 2019/20

## TECHNICAL ANNEX C

### ACCOUNTING STANDARDS REFERENCED BY THE CODE OF PRACTICE

The Code of Practice is based on approved accounting standards and also 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
<b>FRS 25</b> – Financial Instruments: Presentation	<a href="#">FRS 25</a>	<b>FRS 26</b> – Financial Instruments: Recognition & Measurement	<a href="#">FRS 26</a>
<b>FRS 29</b> – Financial Instruments: Disclosures	<a href="#">FRS 27</a>	<b>FRS 102</b> – The Financial Reporting Standard Applicable in the UK	<a href="#">FRS 102</a>

#### International Accounting Standards (IAS)

Accounting Standard	Link	Accounting Standard	Link
<b>IAS 1</b> – Presentation of Financial Statements	<a href="#">IAS 1</a>	<b>IAS 2</b> – Inventories	<a href="#">IAS 2</a>
<b>IAS 7</b> – Statement of Cash Flows	<a href="#">IAS 7</a>	<b>IAS 8</b> – Accounting Policies, Changes in Accounting Estimates and Errors	<a href="#">IAS 8</a>
<b>IAS 10</b> – Events After the Reporting Period	<a href="#">IAS 10</a>	<b>IAS 11</b> – Construction Contracts	<a href="#">IAS 11</a>
<b>IAS 12</b> – Income Taxes	<a href="#">IAS 12</a>	<b>IAS 16</b> – Property, Plant and Equipment	<a href="#">IAS 16</a>
<b>IAS 17</b> – Leases	<a href="#">IAS 17</a>	<b>IAS 18</b> – Revenue	<a href="#">IAS 18</a>
<b>IAS 19</b> – Employee Benefits	<a href="#">IAS 19</a>	<b>IAS 20</b> – Accounting for Government Grants and Disclosure of Government Assistance	<a href="#">IAS 20</a>
<b>IAS 21</b> – Effects of Changes in Foreign Exchange Rates	<a href="#">IAS 21</a>	<b>IAS 23</b> – Borrowing Costs	<a href="#">IAS 23</a>
<b>IAS 24</b> – Related Party Disclosures	<a href="#">IAS 24</a>	<b>IAS 26</b> – Retirement Benefit Plans	<a href="#">IAS 26</a>
<b>IAS 27</b> – Consolidated and Separate Financial Statements	<a href="#">IAS 27</a>	<b>IAS 28</b> – Investments in Associates & Joint Ventures	<a href="#">IAS 28</a>
<b>IAS 29</b> – Financial Reporting in Hyperinflationary Economies	<a href="#">IAS 29</a>	<b>IAS 32</b> – Financial Instruments: Presentation	<a href="#">IAS 32</a>
<b>IAS 36</b> – Impairment of Assets	<a href="#">IAS 36</a>	<b>IAS 37</b> – Provisions, Contingent Liabilities and Assets	<a href="#">IAS 37</a>
<b>IAS 38</b> – Intangible Assets	<a href="#">IAS 38</a>	<b>IAS 39</b> – Financial Instruments: Recognition & Measurement	<a href="#">IAS 39</a>
<b>IAS 40</b> – Investment Property	<a href="#">IAS 40</a>	<b>IAS 41</b> – Agriculture	<a href="#">IAS 41</a>

# STATEMENT OF ACCOUNTS 2019/20

## International Financial Reporting Standards (IFRS)

Accounting Standard	Link	Accounting Standard	Link
<b>IFRS 2</b> – Share Based Payment	<a href="#">IFRS 2</a>	<b>IFRS 3</b> – Business Combinations	<a href="#">IFRS 3</a>
<b>IFRS 4</b> – Insurance Contracts	<a href="#">IFRS 4</a>	<b>IFRS 5</b> – Non-Current Assets Held for Sale and Discontinued Operations.	<a href="#">IFRS 5</a>
<b>IFRS 6</b> – Exploration for and Evaluation of Mineral Resources	<a href="#">IFRS 6</a>	<b>IFRS 7</b> – Financial Instruments: Disclosures	<a href="#">IFRS 7</a>
<b>IFRS 8</b> – Operating Segments	<a href="#">IFRS 8</a>	<b>IFRS 9</b> – Financial Instruments	<a href="#">IFRS 9</a>
<b>IFRS 10</b> – Consolidated Financial Statements	<a href="#">IFRS 10</a>	<b>IFRS 11</b> – Joint Arrangements	<a href="#">IFRS 11</a>
<b>IFRS 12</b> – Disclosure in Other Entities	<a href="#">IFRS 12</a>	<b>IFRS 13</b> – Fair Value Measurement	<a href="#">IFRS 13</a>
<b>IFRS 15</b> – Revenue from Contracts with Customers	<a href="#">IFRS 15</a>		

## International Financial Reporting Interpretations Committee (IFRIC)

Accounting Standard	Link	Accounting Standard	Link
<b>IFRIC 1</b> – Changes in Existing Decommissioning, Restoration & Similar Liabilities	<a href="#">IFRIC 1</a>	<b>IFRIC 4</b> – Determining Whether an Arrangement Contains a Lease.	<a href="#">IFRIC 4</a>
<b>IFRIC 5</b> – Rights to Interest Arising From Decommissioning, Restoration & Environmental Rehabilitation Funds	<a href="#">IFRIC 5</a>	<b>IFRIC 6</b> – Liabilities Arising From Participating in a Specific Market-Waste Electrical & Electronic Equipment	<a href="#">IFRIC 6</a>
<b>IFRIC 7</b> – Applying the Restatement Approach Under IAS 29	<a href="#">IFRIC 7</a>	<b>IFRIC 12</b> – Service Concession Arrangements	<a href="#">IFRIC 12</a>
<b>IFRIC 14</b> – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction (IAS 19 – Employee Benefits)	<a href="#">IFRIC 14</a>	<b>IFRIC 21</b> – Levies	<a href="#">IFRIC 21</a>

## Standing Interpretations Committee (SIC)

Accounting Standard	Link	Accounting Standard	Link
<b>SIC 15</b> – Operating Leases: Incentives	<a href="#">SIC 15</a>	<b>SIC 25</b> – Income Taxes: Changes in the Tax Status of an Entity or its Shareholders	<a href="#">SIC 25</a>
<b>SIC 27</b> – Evaluating the Substance of Transactions Involving The Legal Form of a Lease	<a href="#">SIC 27</a>	<b>SIC 29</b> – Disclosure – Service Concession Arrangements	<a href="#">SIC 29</a>
<b>SIC 32</b> – Intangible Assets: Web Site Costs	<a href="#">SIC 32</a>		

## International Public Sector Accounting Standards (IPSAS)

Accounting Standard	Link	Accounting Standard	Link
<b>IPSAS 1</b> – Presentation of Financial Statements	<a href="#">IPSAS 1</a>	<b>IPSAS 2</b> – Cash Flow Statements	<a href="#">IPSAS 2</a>
<b>IPSAS 3</b> – Accounting Policies, Changes in Accounting Estimates and Errors	<a href="#">IPSAS 3</a>	<b>IPSAS 4</b> – Effects of Changes in Foreign Exchange Rates	<a href="#">IPSAS 4</a>
<b>IPSAS 5</b> – Borrowing Costs	<a href="#">IPSAS 5</a>	<b>IPSAS 9</b> – Revenue From Exchange Transactions	<a href="#">IPSAS 9</a>
<b>IPSAS 10</b> – Financial Reporting in Hyperinflationary Economies	<a href="#">IPSAS 10</a>	<b>IPSAS 11</b> – Construction Contracts	<a href="#">IPSAS 11</a>
<b>IPSAS 12</b> – Inventories	<a href="#">IPSAS 12</a>	<b>IPSAS 13</b> – Leases	<a href="#">IPSAS 13</a>
<b>IPSAS 14</b> – Events After the Reporting Period	<a href="#">IPSAS 14</a>	<b>IPSAS 16</b> – Investment Property	<a href="#">IPSAS 16</a>
<b>IPSAS 17</b> – Property, Plant and Equipment	<a href="#">IPSAS 17</a>	<b>IPSAS 19</b> – Provisions, Contingent Liabilities and Assets	<a href="#">IPSAS 19</a>
<b>IPSAS 20</b> – Related Party Disclosures	<a href="#">IPSAS 20</a>	<b>IPSAS 21</b> – Impairment of Non Cash Generating Assets	<a href="#">IPSAS 21</a>
<b>IPSAS 23</b> – Revenue From Non-Exchange Transactions (Taxes & Transfers)	<a href="#">IPSAS 23</a>	<b>IPSAS 25</b> – Employee Benefits	<a href="#">IPSAS 25</a>
<b>IPSAS 26</b> – Impairment of Cash Generating Assets	<a href="#">IPSAS 26</a>	<b>IPSAS 27</b> – Agriculture	<a href="#">IPSAS 27</a>
<b>IPSAS 28</b> – Financial Instruments: Presentation	<a href="#">IPSAS 28</a>	<b>IPSAS 29</b> – Financial Instruments: Recognition & Measurement	<a href="#">IPSAS 29</a>
<b>IPSAS 30</b> – Financial Instruments: Disclosures	<a href="#">IPSAS 30</a>	<b>IPSAS 31</b> – Intangible Assets	<a href="#">IPSAS 31</a>
<b>IPSAS 32</b> – Service Concession Arrangements: Grantor	<a href="#">IPSAS 32</a>	<b>IPSAS 34</b> – Separate Financial Statements	<a href="#">IPSAS 34</a>
<b>IPSAS 35</b> – Consolidated Financial Statements	<a href="#">IPSAS 35</a>	<b>IPSAS 36</b> – Investments in Associates and Joint Ventures	<a href="#">IPSAS 36</a>
<b>IPSAS 37</b> – Joint Arrangements	<a href="#">IPSAS 37</a>	<b>IPSAS 38</b> – Disclosure of Interests	<a href="#">IPSAS 38</a>
<b>IPSAS 39</b> – Employee Benefits	<a href="#">IPSAS 39</a>		

# STATEMENT OF ACCOUNTS 2019/20

## 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 2020 for 2020/21).

The standards that may be relevant for additional disclosures that will be required in the 2019/20 and 2020/21 financial statements in respect of accounting changes that are introduced in the 2020/21 Code are:

- Amendments to IAS 28 – Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures;
- Annual Improvements to IFRS Standards 2015–2017 Cycle;
- Amendments to IAS 19 – Employee Benefits: Plan Amendment, Curtailment or Settlement; and
- Adoption of IFRS16 – Leases. The adoption of this standard was scheduled to be from the 1<sup>st</sup> April 2020 (for the 2020/21 financial year). Due to the impact of the COVID-19 pandemic, it has been subsequently deferred a further year to 1<sup>st</sup> April 2021. The Council has yet to quantify the potential impact of this adoption.

It is unknown at this time as to whether the above amendments will have a material effect on the Council. Subsequent years' Statement of Accounts will detail any material change in accounting policy.

## TECHNICAL ANNEX E

### STATUTORY SOURCES

<b>Great Britain Legislation</b>
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> )
<b>England &amp; Wales Legislation</b>
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)



# **BARNSLEY MBC**

## **SUMMARY ACCOUNTS & EXPLANATORY NOTES 2019/20**



## 2019/20 SUMMARY ACCOUNTS & EXPLANATORY NOTES

### Introduction

These summary accounts are intended to provide explanation and reconciliation of the Authority's actual spend charged to the Council Tax / Business Rates payers as prescribed by Law, to the Financial Accounts which are compiled as per accounting requirements. It also provides context and high level analysis of the Core Financial Statements included within the accounts.

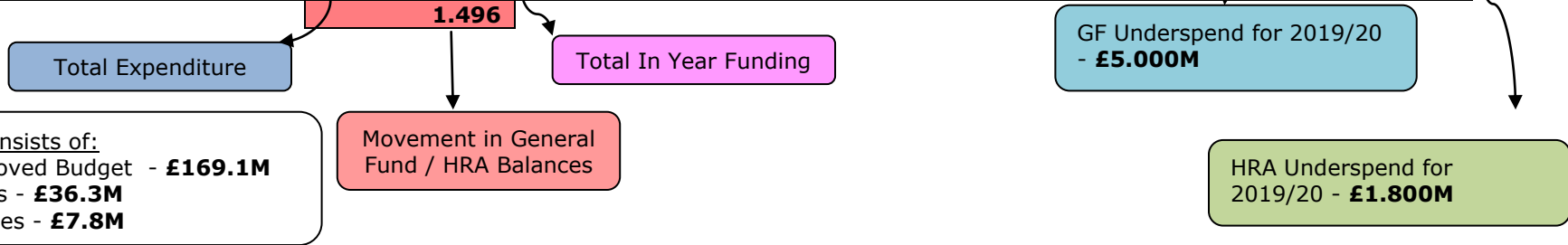
## The Management Accounts - Revenue

### Net Revenue Expenditure 2019/20

The table below shows the total spend of the Council for 2019/20, displayed against the individual operational directorates, compared to the year-end budget, as per the Final Accounts Report.

Management Accounts	Year End Budget *	Actual Net Income / Expenditure	(Under) /Over Spend	Earmarkings	Operational (Under) / Over Spend	Corporate Earmarkings	Final Position
	£M	£M	£M	£M	£M	£M	£M
Children's Services	36.579	38.895	2.316	(2.574)	(0.258)		
Place	39.900	37.936	(1.964)	1.973	0.009		
ults & Communities	62.862	52.049	(10.813)	7.446	(3.367)		
ublic Health	7.506	4.397	(3.109)	1.267	(1.842)		
ire Services	(4.078)	(6.612)	(2.534)	1.997	(0.537)		
<b>Total Services</b>	<b>142.769</b>	<b>126.665</b>	<b>(16.104)</b>	<b>10.109</b>	<b>(5.995)</b>		
orporate Services	26.294	2.369	(23.925)	23.012	(0.913)		
<b>Total General Fund</b>	<b>169.063</b>	<b>129.034</b>	<b>(40.029)</b>	<b>33.121</b>	<b>(6.908)</b>		
Use of Reserves	36.268	36.268	-	-	-		
<b>Total Year End Position</b>	<b>205.331</b>	<b>165.302</b>	<b>(40.029)</b>	<b>33.121</b>	<b>(6.908)</b>		
<b>Housing Revenue Account</b>	<b>7.847</b>	<b>5.257</b>	<b>(2.590)</b>	<b>0.200</b>	<b>(2.390)</b>	<b>0.590</b>	<b>(1.800)</b>
<b>Net Council Expenditure</b>	<b>213.178</b>	<b>170.559</b>	<b>(42.619)</b>	<b>33.321</b>	<b>(9.298)</b>	<b>2.498</b>	<b>(6.800)</b>
<b>Corporate Funding</b>	-	<b>(169.063)</b>	-	-	-	-	-

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## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### Corporate Funding

The table below shows the level of corporate, non-specific funding received by the Authority in 2019/20:

	£M
Revenue Support Grant	12.745
Business Rates Retained Share including Collection Fund Surplus	22.814
Business Rates Top Up	32.240
Council Tax including Collection Fund Surplus	97.677
Section 31 Grants	3.587
<b>Total</b>	<b>169.063</b>

### General Fund / HRA Reserves Analysis

The table below shows the movement on both the General Fund and HRA Reserves in the 2019/20 financial year:

RESERVES POSITION	In Year GF Position	General Fund		HRA	Total	Movement in General Fund / HRA Balances
		General Reserves	Earmarked Reserves	HRA Reserves		
	£M	£M	£M		£M	
<b>Balance Brought Forward as at 1<sup>st</sup> April 2019</b>	-	15.000	115.114	37.074	167.188	
Actual Net Revenue Expenditure	(129.034)	-	(36.268)	(5.257) *	(170.559)	1.496
Corporate Funding	169.063	-	-	-	169.063	
Earmarked Reserves into Future Years	(35.029)	-	35.029	-	-	
Surplus / Deficit in Year	(5.000)	5.000	-	-	-	
<b>Balance Carried Forward as at 31<sup>st</sup> March 2020</b>	-	20.000	113.875	31.817	165.692	

\* HRA Position for 2019/20 is shown as a total amount to adhere to Statute

#### HRA Analysis (Shown Net):

- Use of Reserves - (£7.8M)
- Earmarked - £0.8M
- In Year Surplus - £1.8M

Total In Year Funding

### Year End Reserves Position:

The year-end reserves for both the General Fund and the Housing Revenue Account are shown in the table below:

General Fund Reserves	As at 31 <sup>st</sup> March 2020 £M	HRA Reserves	As at 31 <sup>st</sup> March 2020 £M
Minimum Working Balance	20.000	Minimum Working Balance	7.000
<b>Total General Reserves</b>	<b>20.000</b>	<b>Total General Reserves</b>	<b>7.000</b>
Glassworks Scheme	15.208	Housing Growth	19.228
Future Council Priorities	24.872	Welfare Reform	3.000
Insurance Fund Reserve	6.703	Review of 30 Year Business Plan	0.874
Other Capital Priorities	4.000		
Future Demography / Social Care Pressures	10.000	COVID-19 Financial Recovery	0.590
PFI / BSF Programme	6.014	Electrical Testing	0.552
MRP Future Years	6.023	New Build Bungalows	0.381
COVID-19 - Recovery Strategy	1.909	Other	192
COVID-19 - Grant	6.736		
Other	32.410		
<b>Total Earmarked Reserves</b>	<b>113.875</b>	<b>Total Earmarked Reserves</b>	<b>24.817</b>
<b>Total General Fund Reserves</b>	<b>133.875</b>	<b>Total HRA Reserves</b>	<b>31.817</b>

**SUMMARY ACCOUNTS & EXPLANATORY NOTES**

# The Management Accounts - Capital

**Capital Expenditure 2019/20**

The table below shows the total capital spend of the Council for 2019/20, displayed against the types of expenditure.

<b>Asset Categories</b>	<b>2019/20 £M</b>
Property, Plant & Equipment	20.7
Council Dwellings	38.0
Vehicles, Plant, Furniture & Equipment	5.5
Assets Under Construction	54.0
Infrastructure Assets	15.8
Intangible Assets	0.1
Heritage Assets	-
Non BMBC Assets	6.9
<b>Total</b>	<b>141.0</b>

**£55.4M** on Glassworks – Including Metropolitan Centre, Public Realm, Market Gate Bridge, Library and Phase 2.

**£18.0M** on purchasing Westgate Plaza.

**£13.4M** on Maintaining the Council House Stock at Decency Standard

**£12.5M** on highways maintenance

**£5.2M** on purchase / new build of dwelling stock

The table below shows how that capital expenditure was funded by the Council in 2019/20.

<b>Funding Source</b>	<b>2019/20 £M</b>
Capital Grants	18.6
Third Party Contributions (Inc. S106)	3.3
Capital Receipts	6.9
Revenue Contributions	0.3
Reserves	17.0
Major Repairs Reserve	16.7
Prudential Borrowing	76.6
Leasing	1.6
<b>Total</b>	<b>141.0</b>

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

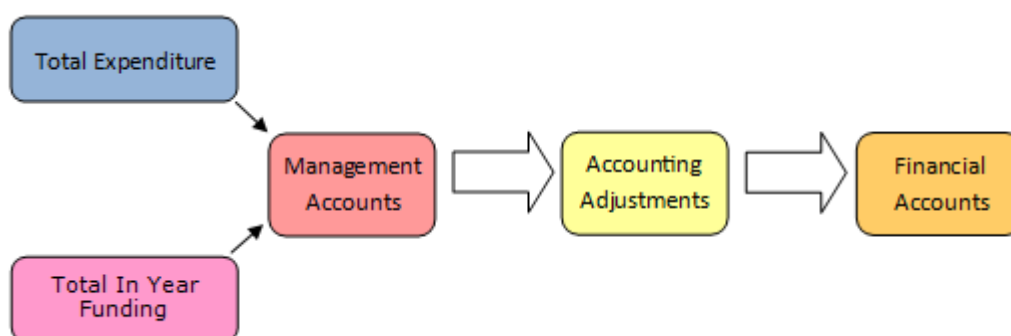
# The Management Accounts To The Financial Accounts

These explanatory notes explain how the financial position reported to the Authority (**management accounts**) is different to the financial position as reported in the statement of accounts (**financial accounts**).

The **management accounts** financial position is as per statute in respect of what can and what cannot be charged to the Council Tax payer, bringing together **total expenditure** and **total in year funding**.

The **financial accounts** financial position is as per the accounting regulations / standards.

Where the two positions differ, a number of **accounting adjustments** are actioned to ensure that the two positions are respectively adhered to.



A number of notes are included within the Statement of Accounts to assist the reader of the accounts in respect of explaining the relationship between the two.

The Expenditure and Funding Analysis (EFA) and Note 1 are key to this understanding, and are explained below.

### **Management Accounts:**

The table below (**The Expenditure & Funding Analysis in the Accounts**) then takes the management accounts (adjusted for the Code's presentation requirements – **Note 1 in the accounts**) and adds the **accounting adjustments**, resulting in the **financial accounts** position in the Comprehensive Income & Expenditure Statement.

	2019/20		
	Management Accounts	Accounting Adjustments	Financial Accounts
	£000s	£000s	£000s
Children's Services	38,895	13,987	52,882
Place	38,916	35,220	74,136
Housing Revenue Account	(18,018)	20,930	2,912
Adults & Communities	52,057	4,343	56,400
Public Health	4,397	355	4,752
Core Services	(6,304)	4,701	(1,603)
Corporate Services	(18,324)	22	(18,302)
<b>Net Cost of Services</b>	<b>91,619</b>	<b>79,558</b>	<b>171,177</b>
Other Operating Income & Expenditure	436	7,760	8,196
Financing & Investment Income & Expenditure	41,708	10,446	52,154
Taxation & Non Specific Grant Income	(172,050)	(27,211)	(199,261)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>(38,287)</b>	<b>70,553</b>	<b>32,266</b>
Below the Line Items	39,783	(39,783)	-
<b>TOTAL</b>	<b>1,496</b>	<b>30,770</b>	<b>32,266</b>

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### Accounting Adjustments:

The accounting adjustments applied are to take account of items that need to be included in the **Financial Accounts** that are not in the **Management Accounts**, and vice versa. The table below (**Note 2 in the Accounts**) shows the **Accounting Adjustments** between the Accounting Basis (**Financial Accounts**) and the Funding Basis (**Management Accounts**).

<u>Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts</u>	2019/20			
	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Children's Services	9,827	4,550	(390)	<b>13,987</b>
Place	33,658	1,489	73	<b>35,220</b>
Housing Revenue Account	20,930	-	-	<b>20,930</b>
Adults & Communities	3,443	884	16	<b>4,343</b>
Public Health	-	344	11	<b>355</b>
Core Services	3,260	1,290	151	<b>4,701</b>
Corporate Services	-	21	1	<b>22</b>
<b>Net Cost of Services</b>	<b>71,118</b>	<b>8,578</b>	<b>(138)</b>	<b>79,558</b>
Other Operating Income & Expenditure	7,760	-	-	<b>7,760</b>
Financing & Investment Income & Expenditure	-	10,446	-	<b>10,446</b>
Taxation & Non Specific Grant Income	(25,289)	-	(1,922)	<b>(27,211)</b>
<b>Difference Between General Fund Surplus or Deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>53,589</b>	<b>19,024</b>	<b>(2,060)</b>	<b>70,553</b>
Below the Line Items	(30,613)	(8,534)	(636)	<b>(39,783)</b>
<b>TOTAL NET EXPENDITURE</b>	<b>22,976</b>	<b>10,490</b>	<b>(2,696)</b>	<b>30,770</b>

The respective adjustments are explained below together with examples of the practice:

### Adjustments for Capital Purposes:

These adjustments relate to the consumption and financing of the Council's assets. For example:

- Under the accounting basis, the cost of the depreciation (the consumption in providing services) of the Council's fixed assets needs to be presented in the CI&ES. Therefore, the depreciation charge is included in the net cost of services line of the CI&ES (**Financial Accounts**);
- Under the funding basis, statute says that the cost of depreciation is not to be charged to the taxpayer;
- Therefore, the depreciation charge is adjusted so that it is not included against the general fund position and therefore the Council Tax payer (**Management Accounts**)

### Adjustments for Pensions:

These adjustments relate to the adjustments required to comply with the pensions accounting standard IAS 19. For example:

- Under the funding basis, statute determines that the annual cost of pensions to be recognised against the Council Tax / Rent payer. This amount is included in the **management accounts**;
- Under the accounting basis, the cost of the pension earned in year rather than what is paid, is required to be charged to the CI&ES;
- Therefore the actual cost of pensions is stripped out and replaced with the accrued pension cost, which is included in the CI&ES (**Financial Accounts**).

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

# The Core Financial Statements

The core financial statements are made up of 4 key statements, which will be described and explained below, and represent the **financial accounts** of the Authority.

The layout and format of these statements are prescribed by the Accounting Code of Practice.

### The Movement in Reserves Statement

This statement shows the movement on reserves that can be used to fund spend / reduce council tax (useable reserves) and the movement on reserves that represent accounting / timing differences (unusable reserves). Ordinarily, the **accounting adjustments** adjust the useable reserves with the unusable reserves.

This statement also provides reconciliation between the **financial accounts** and **management accounts**.

Movement on Balance Sheet

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<u>Movement in Reserves During 2019/20</u>								
Financial Accounts	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Usable Reserves	Total Unusable Reserves	Total Authority Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Balance of Reserves at 1st April 2019</b>	130,114	37,074	15,071	10,807	5,796	198,862	(219,001)	(20,139)
<b>Total Comprehensive Expenditure &amp; Income</b>	(20,119)	(12,147)	-	-	-	(32,266)	107,708	75,442
<b>Adjustments Between Accounting Basis &amp; Funding Basis Under Regulations</b>	23,880	6,890	1,739	4,014	3,058	39,581	(39,581)	-
<b>Net Increase / (Decrease) in 2019/20</b>	3,761	(5,257)	1,739	4,014	3,058	7,315	68,127	75,442
<b>Balance of Reserves at 31st March 2020</b>	133,875	31,817	16,810	14,821	8,854	206,177	(150,874)	55,303

Accounting Adjustments

Management Accounts

Capital Receipts Reserve:  
 • This reserve represents unspent capital receipts, received by the Council from sale of fixed assets

Major Repairs Reserve:  
 • This reserve represents unspent ringfenced HRA funding set aside for capital purposes.

Capital Grants Unapplied Reserve:  
 • This reserve represents unspent capital grants received by the Council

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Comprehensive Income & Expenditure Statement (CI&ES)

This statement shows the net **accounting cost** of providing services to the public for the year. In the private sector, the equivalent statement would be a profit and loss account. This statement represents the **management accounts** position as per statute plus **accounting adjustments**.

The **CI&ES** also explains the movement between the Authority's balance sheet at the start of the period, and the end of the period.

	2019/20		
	Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
Net Cost of Services	572,898	(401,721)	171,177
Other Operating Expenditure	18,754	(10,558)	8,196
Financing & Investment Income & Expenditure	58,687	(6,533)	52,154
Taxation & Non Specific Grant Income	-	(199,261)	(199,261)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>650,339</b>	<b>(618,073)</b>	<b>32,266</b>
Other Comprehensive Income & Expenditure	6,375	(114,083)	(107,708)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>656,714</b>	<b>(732,156)</b>	<b>(75,442)</b>

Financial Accounts

Movement on Balance Sheet

An explanation of the key components is shown below:

- **Net Cost of Services** – The direct accounting cost of providing operational services to the public;
- **Other Operating Expenditure** – The accounting 'profit / loss' on the disposals of the Authority's fixed assets – including the transfer of maintained schools to academy status;
- **Financing & Investment Income & Expenditure** – The accounting cost of servicing the Authority's debt and interest payments in respect of the pension fund;
- **Taxation & Non Specific Grant Income** – The accounting income of the Authority's corporate funding, including Council Tax, NNDR and Government Grants;
- **(Surplus) / Deficit on Provision of Services** – The overall accounting cost of providing services to the public;
- **Other Comprehensive Income & Expenditure** – Accounting adjustments that relate directly to movement in unusable reserves that do not have any effect the general fund.

A breakdown of the CI&ES position in to subjective headings is shown below (**Note 6 in the accounts**):

	2019/20 £000s		2019/20 £000s	(Surplus) / Deficit on Provision of Services
<b>Expenditure:</b>		<b>Income:</b>		
Employee Benefits Expenses	174,054	Fees, Charges & Other Service Income	(139,691)	
Other Services Expenses	317,810	Interest & Investment Income	(2,177)	
Depreciation, Amortisation, Impairment	86,004	Income From Council Tax & Non-Domestic Rates	(124,040)	
Interest Payments	53,717	Government Grants & Contributions	(341,607)	
Precepts & Levies	436	Receipts from Disposal of Assets	(10,558)	
Payments to Housing Capital Receipts Pool	1,666			
Disposal of Fixed Assets	16,652			
<b>Total</b>	<b>650,339</b>		<b>(618,073)</b>	<b>32,266</b>



## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Balance Sheet (The Net Worth)

This statement shows the financial position as at the 31<sup>st</sup> March, compared to the position as at 1<sup>st</sup> April the preceding year. The top half of the balance sheet shows the Authority's "Net Worth" which presents the net position in terms of what the Authority owns and what the Authority owes.

Below shows the Authority's balance sheet with high level analysis of movements in the year:

2018/19		2019/20	Change
£000s		£000s	£000s
<b>1,148,940</b>	<b>PROPERTY &amp; EQUIPMENT</b>	<b>1,229,099</b>	<b>+80,159</b>
<b>18,406</b>	<b>OTHER LONG TERM ASSETS</b>	<b>16,683</b>	<b>(1,723)</b>
	<b>CURRENT ASSETS</b>		
5,330	Assets 'Held for Sale'	4,108	<b>(1,222)</b>
156,926	Short Term Investments	57,197	<b>(99,729)</b>
1,069	Inventories	1,101	<b>+32</b>
37,337	Short Term Debtors	54,788	<b>+17,451</b>
35,391	Cash & Cash Equivalents	68,569	<b>+33,178</b>
<b>236,053</b>	<b>Total Current Assets</b>	<b>185,763</b>	<b>(50,290)</b>
<b>1,403,399</b>	<b>TOTAL ASSETS</b>	<b>1,431,545</b>	<b>+28,146</b>
	<b>CURRENT LIABILITIES</b>		
(94,707)	Short Term Borrowing	(31,229)	<b>(63,476)</b>
(8,851)	Other Short Term Liabilities	(9,507)	<b>+656</b>
(54,362)	Short Term Creditors	(49,077)	<b>(5,285)</b>
(7,184)	Provisions	(6,380)	<b>(804)</b>
(21,954)	Grant Receipts in Advance	(25,851)	<b>+3,897</b>
<b>(187,058)</b>	<b>Total Current Liabilities</b>	<b>(122,044)</b>	<b>(65,014)</b>
	<b>LONG TERM LIABILITIES</b>		
(571,563)	Long Term Borrowing	(645,650)	<b>+74,078</b>
(210,922)	Other Long Term Liabilities	(202,861)	<b>(8,061)</b>
(3,736)	Long Term Provisions	(3,725)	<b>(11)</b>
(450,259)	Retirement Benefit Obligations	(401,962)	<b>(48,297)</b>
<b>(1,236,480)</b>	<b>Total Long Term Liabilities</b>	<b>(1,254,198)</b>	<b>+17,718</b>
<b>(1,423,538)</b>	<b>TOTAL LIABILITIES</b>	<b>(1,376,242)</b>	<b>(47,296)</b>
<b>(20,139)</b>	<b>NET ASSETS / (LIABILITIES)</b>	<b>55,303</b>	<b>+75,442</b>

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Movement  
on Balance  
Sheet

**Property & Equipment +£80.2M**  
Assets held by the Council that assist in service delivery e.g. Land & Buildings, Vehicles, Equipment.

- Additions +£104M
- Depreciation (£33.7M)
- Revaluations +£26.7M
- Disposals (£16.1M)

**Short Term Investments (£99.7M)**  
Total amounts of investment balances due to the Authority

- Decrease in cash as a result of cash required for capital programme and move towards more liquid portfolio (e.g. Money Market Funds)

**Short Term Debtors +£17.5M)**  
Total amounts due to the Council in the next 12 months.

- Increase in debtors as a result of a number of grants due to the Council, not yet paid.

**Cash & Cash Equivalents +£33.2M**  
The Council's bank and cash balances & on call investments.

- See Cash Flow Statement
- The result of moving towards a more liquid portfolio. Cash equivalents increased

**Total Borrowing +£10.6M**  
Total amounts of loans owed by the Council

- Increase in borrowing as per Treasury Strategy of providing budgetary certainty by fixing out interest payments at relatively low levels, for longer term debt.

**Retirement Benefit Obligations (£48.3M)**  
The pension deficit of the Council's pension fund, as determined on an accounting basis.

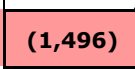
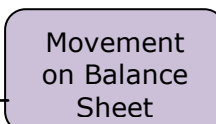
NB. The ongoing contributions due to be made to the fund from the Authority addresses the pension position on a funding basis, which is measured using a different set of assumptions.

- Change in Assumptions (£67.3M)
- Decrease in Value of Assets +£5.5M
- Increase in Value of Liabilities +£13.5M

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Balance Sheet (Reserves & Balances)

The "Net Worth" of the balance sheet is matched / balanced by a number corresponding reserves, split between useable and unusable reserves. In the private sector, the financial health of any organisation would be the net worth along with the accumulated profits. This is slightly different in the public sector where the financial health of any Authority can be measured by the level of useable reserves at its disposal.

2018/19 £000s		2019/20 £000s	Change £000s	
	<b>USABLE RESERVES:</b>			
130,114	- General Fund	133,875	+3,761	<b>(1,496)</b> 
37,074	- Housing Revenue Account	31,817	(5,257)	
15,071	- Useable Capital Receipts Reserve	16,810	+1,739	
10,807	- Major Repairs Reserve	14,821	+4,014	
5,796	- Capital Grant Unapplied Reserve	8,854	+3,058	
<b>198,862</b>	<b>TOTAL USABLE RESERVES</b>	<b>206,177</b>	<b>7,315</b>	
	<b>UNUSABLE RESERVES:</b>			
(2,714)	- Capital Adjustment Account	(24,780)	(22,066)	
61	- Deferred Capital Receipts Reserve	60	(1)	
(12,693)	- Financial Instruments Adjustment Account	(12,057)	+636	
(458,793)	- Pensions Reserve	(401,962)	+56,831	
(263)	- Financial Instrument Revaluation Reserve	(320)	(57)	
240,484	- Revaluation Reserve	271,208	+30,724	
(3,145)	- Accumulated Absences Account	(3,007)	+138	
18,062	- Collection Fund Adjustment Account	19,984	+1,922	
<b>(219,001)</b>	<b>TOTAL UNUSABLE RESERVES</b>	<b>(150,874)</b>	<b>+68,127</b>	
<b>(20,139)</b>	<b>TOTAL RESERVES</b>	<b>55,303</b>	<b>+75,442</b>	

**Usable Reserves** – these reserves can be used to fund the expenditure of the Authority on a funding basis. Each of them is briefly explained on the Movement in Reserves section of this paper.

**Unusable Reserves** – these reserves hold the Authority's gains and losses incurred in accordance with generally accepted accounting practices, representing a timing difference with that and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. Each of them is explained below:

Reserve	Description
Capital Adjustment Account	Holds the timing differences between when assets are consumed in service delivery and when they are financed.
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.
Financial Instrument Adjustment Account	Holds the timing differences arising from the different arrangements for accounting for income (discounts) and expenses (premiums) relating to certain financial instruments, in accordance with statutory provisions.
Pensions Reserve	Holds timing differences between pensions being accrued and they are actually settled, in accordance with statutory provisions.
Financial Instrument Revaluation Reserve	Holds timing differences between unrealised gains / losses in value on the Authority's financial instruments and when they are actually sold.
Revaluation Reserve	Holds timing differences between unrealised gains in value on the Authority's assets and when they are actually sold.
Accumulated Absences Account	Holds the differences relating to the accruing of absences, earned but not taken in year e.g. leave entitlement carried forward. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.
Collection Fund Adjustment Account	Holds 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.

**Note 5 in the accounts** provides further analysis of these reserves.

## SUMMARY ACCOUNTS & EXPLANATORY NOTES

### The Cash Flow Statement

The cash flow statement details the movement in the Authority's cash and cash equivalents during the period. The accounting cost of providing services as per the **financial accounts** is adjusted by the non-cash items e.g. depreciation. The cash flows are then analysed based on the type, between operating, investing and financing activities respectively.

	2018/19
	£000s
<b>Net (Surplus) / Deficit on Provision of Services</b>	<b>32,266</b>
Adjustments to Financial Accounts for Non-Cash Movements:	(92,973)
<b>Adjustments for Non-Operating Activities:</b>	<b>35,847</b>
<b>Net Cash (Inflow) / Outflow From Operating Activities</b>	<b>(24,860)</b>
<b>Net Cash (Inflow) / Outflow From Investing Activities</b>	<b>(4,705)</b>
<b>Net Cash (Inflow) / Outflow From Financing Activities</b>	<b>(3,616)</b>
<b>Net (Increase) / Decrease in Cash &amp; Cash Equivalents</b>	<b>(33,178)</b>

Financial Accounts

#### **Non Cash Adjustments:**

All non-cash transactions are removed e.g. depreciation, adjustments to pensions accounting etc. to equate to a cash position in terms of operating activities

#### **Non-Operating Activities:**

This adjustment removes any cash flows within the financial accounts that relate to non-operating activities. E.g. capital grants received.

#### **Operating Activities:** **£24.9M Inflow**

The Authority saw an inflow of cash from its day to day operations of providing services to the public.

#### **Investing Activities:** **£4.7M Inflow**

The Authority saw an inflow of cash from its investing activities. This was due to cashing out investments of £101M, receiving capital grants of £25M and capital receipts of £11M, offset by spending £133M on fixed assets.

#### **Financing Activities:** **£3.6M Inflow**

The Authority saw an inflow of cash from its financing activities. This was predominately due to new net borrowing undertaken.

### Disclosure Notes

The Statement of Accounts provides substantial disclosure notes which corroborate the key figures within the 4 main financial statements, which are prescribed by the Code.

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# understanding local authority financial statements

2016

# \ introduction

Local authority financial statements have a key part to play in accountability to taxpayers and other stakeholders as to how public money is used. However, the complexity of the financial statements has not always helped this accountability, particularly allowing the amounts in the statements to be easily reconciled to management accounting and in-year monitoring of budgets.

The introduction of the Expenditure and Funding Analysis to the 2016/17 Code is intended to allow a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

A key to achieving the aims of the changes will be to use the information not just in the narrative section of the financial statements to explain performance during the year, but more widely to all stakeholders, including elected members as citizens' representatives, in a range of formats and media to provide a definitive position on financial performance. Local authorities are also urged to look to their balance sheets as a part of this explanation and the key messages that can be drawn out.

At the same time it is important that opportunities are taken to cut the clutter and remove immaterial disclosures or through the use of technical appendices to separate out the more complex disclosures. Working in partnership CIPFA/LASAAC will itself continue to review opportunities for improvement and explore links with other published information to ensure that the definitive position remains clear.

This briefing note is intended to help chief financial officers and other senior staff to present the financial statements to members and other stakeholders by explaining how the formats can be used to convey key information. It is also designed to give elected members and stakeholders an introduction to the format of the accounts and provide them with key questions on the financial statements.

An important element of financial reporting which will assist local authorities to tell the story of their financial performance is the narrative report (management commentary in Scotland). This report accompanies the financial statements and should provide a commentary on how the authority has used its resources to achieve desired outcomes in line with its objectives and strategies. It should provide an explanation of the main messages of financial performance, financial position and cash flows in the financial statements.

This publication includes extract financial statements to demonstrate key issues. It is important to note that the Code sets out the minimum requirements for the financial statements of the authority, but authorities are free to include more detail if they think it will help them to explain the accounts to members and other stakeholders.

This publication also highlights the opportunities to simplify presentation and make the messages clearer in a number of areas:

- comparisons with budgets (General Fund and Housing Revenue Account performance)
- reserves position, and
- cash flows.

# comparisons with budgets

For members, probably the most important issue will be whether the authority has a surplus or deficit on General Fund or Housing Revenue Account (HRA) balances against its budget for the year.

The financial statements will enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the General Fund to provide services.

## **The introduction of the new expenditure and funding analysis**

The financial statements primarily follow accounting standards rather than local government legislation. Although some information is provided on General Fund and HRA balances this hasn't always been easy to identify in the past. However, the new Expenditure and Funding Analysis provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports).

The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA).

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees. Statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis:

- shows for each of the authority's services or directorates a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two within the authority's framework for accountability.

The Expenditure and Funding Analysis promotes accountability and stewardship by providing a more direct link with the annual decision making process of the authority and its budget ie the General Fund. The changes are more transparent and follow the performance framework of the authority.

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. To demonstrate accountability and to meet segmental reporting requirements it is necessary to reconcile to the statutory position on the General Fund balance. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which an authority organises itself and manages financial performance.

The Expenditure and Funding Analysis needs to be positioned in the financial statements where it is most accessible and relevant to its users. This means it could be placed before the main statements, to accompany the Comprehensive Income and Expenditure Statement, or even included as the first note. An authority will be able to decide for itself.

## Expenditure and Funding Analysis (extract)

The Expenditure and Funding Analysis analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X0/20X1	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People Directorate	47,385	898	48,283
Neighbourhoods	5,929	13,608	19,537
Business Change	30	224	254
Corporate and Central Services	19,358	833	20,191
<b>Net Cost of Services</b>	<b>72,702</b>	<b>15,563</b>	<b>88,265</b>
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
<b>Surplus or Deficit</b>	<b>44</b>	<b>14,544</b>	<b>14,588</b>
Opening General Fund and HRA Balance at 31 March 20X0	(25,247)		
Less Deficit on General Fund and HRA Balance in Year	44		
<b>Closing General Fund and HRA Balance at 31 March 20x1*</b>	<b>(25,203)</b>		

\*for a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement



# comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows how resources have been generated and expended in accordance with International Financial Reporting Standards. It shows whether the authority's operations resulted in a surplus or deficit. The key lines that summarise performance are highlighted below.

## Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure 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 [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
People Directorate	74,297	(26,014)	48,283
Neighbourhoods	58,225	(38,688)	19,537
Business Change	11,624	(11,370)	254
Corporate and Central Services	24,021	(3,830)	20,191
<b>Cost of Services</b>	<b>168,167</b>	<b>(79,902)</b>	<b>88,265</b>
Other Operating Expenditure (Note 9)	2,218	–	2,218
Financing and Investment Income and Expenditure (Note 10)	11,340	(2,359)	8,981
Taxation and Non-specific Grant Income and Expenditure (Note 11)	–	(84,876)	(84,876)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>14,588</b>
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(36,597)
(Surplus) or Deficit on Revaluation of Available-for-Sale Financial Assets			(101)
Remeasurement of the Net Defined Benefit Liability (Asset)			(8,444)
<b>Other Comprehensive Income and Expenditure</b>			<b>(45,142)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(30,554)</b>

Expenditure of continuing operations, analysed by service segment, these lines are reconciled to the General Fund in the Expenditure and Funding Analysis

Operational costs of providing the services of the authority.

Total income and expenditure of the authority for the year, this line is also reconciled to the General Fund in the Expenditure and Funding Analysis

From 2016/17 local authorities are required to report their service segments based on the way in which they operate and manage services. There is no longer a requirement for that service analysis to be based on the definition of total cost or the service expenditure analysis in the *Service Reporting Code of Practice* in the financial statements. This new format means that the service section of the Comprehensive Income and Expenditure Statement supports accountability and transparency as it reflects the way in which services operate and performance is managed.

Where an authority uses alternative service reporting formats it will need to select the presentation most commonly used by the individual or group within the authority who has the most significant role in allocating resources and assessing performance of services when considering the allocation of resources.

This format of the Comprehensive Income and Expenditure Statement is also more meaningful for both local authority members and users of the financial statements as it follows their budget and performance monitoring and other key documents such as their council tax leaflets.

Treatment of overheads will depend on an authority's arrangements for accountability. If an authority operates and manages some or all of its corporate and support services separately then these service segments would be shown separately on the face of the Comprehensive Income and Expenditure Statement and not apportioned.

The test is whether the expenditure relating to these activities is reported to key decision makers as separate activities or spread across services as overheads for the financial statements. Therefore, there is no longer an absolute requirement to apportion support service overheads to services. However, local authorities will not need to change any of their financial reporting requirements for internal management processes. Whatever you are doing internally determines the structure for external reporting statements.

The Comprehensive Income and Expenditure Statement is then split into two parts.

The first part reflects the full economic cost of providing the services of the authority with the results summarised at the Surplus or Deficit on the Provision of Services line, highlighted above. It represents the operating costs of providing the services of the authority in the year. In the private sector this would be equivalent to the profit or loss of a company.

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the authority. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions assets and liabilities.

# movement in reserves statement

The Comprehensive Income and Expenditure Statement shows the income and expenditure on the authority's services in the year in accordance with International Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and an authority's General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding local authority capital expenditure or the timing with which some items are charged to council tax. The reserves of the authority represent its net worth; the usable reserves show the resources currently available to spend on services.

The movements in the financial position of the authority are summarised in the Movement in Reserves Statement.

The Movement in Reserves Statement shows how:

- the authority has generated and expended resources in the year; and
- the resourcing position is adjusted under statutory rules to show the funds available to be spent at year end.

The Movement in Reserves Statement prescriptions have been reduced to the absolute minimum in the Code. Authorities can provide additional rows to these minimum requirements if they consider that they need to do so to provide a true and fair presentation of their reserves.

## Movement in Reserves Statement (extract)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 20X0</b>	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
<b>Movement in reserves during 20X0/X1</b>								
<b>Total Comprehensive Income and Expenditure</b>	(14,983)	395	–	–	–	(14,588)	45,142	30,554
Adjustments from income & expenditure charged under the accounting basis to the funding basis	14,835	(291)	(750)	–	–	13,794	(13,794)	–
<b>Increase or (decrease) in 20X0/X1</b>	<b>(148)</b>	<b>104</b>	<b>(750)</b>	<b>–</b>	<b>–</b>	<b>(794)</b>	<b>31,348</b>	<b>30,554</b>
<b>Balance at 31 March 20X1 carried forward</b>	<b>21,970</b>	<b>3,233</b>	<b>9,315</b>	<b>1,600</b>	<b>450</b>	<b>36,568</b>	<b>1,381,915</b>	<b>1,418,483</b>

\* Capital Fund Scotland

\*\* Applicable in England Only

An overall increase in usable reserves can arise despite a loss being shown in the Comprehensive Income and Expenditure Statement where statutory provisions allow a different charge to revenue from the authority expenditure incurred (eg replacement of depreciation by minimum revenue provision (MRP)). The adjustment to usable reserves is balanced by a movement in unusable reserves.

Unusable reserves such as the Capital Adjustment Account and the Pensions Reserve with debit balances will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.

# balance sheet

The balance sheet in local authorities is very similar to other public sector or private sector balance sheets. The balance sheet presents an authority's financial position, ie its net resources at the financial year end. The balance sheet is composed of two main balancing parts: its net assets and its total reserves. The net assets part shows the assets the authority would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the authority.

For local authorities balance sheet presentation is split between the usable reserves and unusable reserves. Usable reserves are those which the authority can utilise to support future service provision. Unusable reserves cannot be used to support services and include gains and losses where amounts can only become available to support services if the assets are sold. These gains and losses are referred to as unrealised.

## Balance sheet (extract)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority 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 represents those that the authority is not able to use to provide services. This category of reserves 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 are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	Notes	31 March 20X1	
			£000
Property, plant and equipment	12	628,924	The authority's property portfolio
Highways Network Asset	13	1,028,700	The Highways Network Asset (not applicable to district councils). This will be the largest asset balance in a local highways authority balance sheet
Heritage assets	14	3,379	
Investment property	15	4,020	
Intangible assets	16	709	
Long-term investments	17	948	
Long-term debtors	17	3,798	Long term assets ie those expected to provide benefits to the authority beyond 12 months
<b>Long-term assets</b>		<b>1,670,478</b>	
Short-term investments	17	24,060	
Assets held for sale	22	1,409	Current assets ie those anticipated to be consumed in 12 months – the normal operating cycle for the authority
Inventories	18	1,769	
Short-term debtors	20	15,351	
<b>Current assets</b>		<b>42,589</b>	Reconciles to the cash and cash equivalents balance in the cash flow statement
Bank overdraft		(13,767)	
Short-term borrowing	17	(9,500)	
Short-term creditors	23	(21,960)	Current liabilities ie those liabilities anticipated to be settled within 12 months
<b>Current liabilities</b>		<b>(45,227)</b>	
Provisions	24	(4,297)	
Long-term borrowing	17	(89,733)	
Other long-term liabilities	17	(155,327)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
<b>Long-term liabilities</b>		<b>(249,357)</b>	
<b>Net assets</b>		<b>1,418,483</b>	Total assets less total liabilities

# \ reserves

Reserves – including the General Fund and (where relevant) the Housing Revenue Account – are an indication of the resources available to an authority to deliver services at the balance sheet date. The key messages that members will be looking for in terms of reserves – especially the General Fund and the HRA – are how the balances have changed over the year, whether the balances are still adequate, and what the balances mean in terms of future budgets and services.

Information on the level of reserves can be found in the balance sheet and related notes, and in the Movement in Reserves Statement (and related notes). This latter statement will be more useful in explaining the changes that have taken place during the year.

	Notes	31 March 20X1 £'000
Usable reserves	24	36,568
Unusable Reserves	25	1,381,915
		<u>1,418,483</u>

The minimum requirement in presenting resources is to include only two lines – usable reserves (such as General Fund) and unusable reserves (such as the Revaluation Reserve and the Capital Adjustment Account).

If there are some reserves you do want to show on the balance sheet, that's fine, as long as these totals are shown.

While the balance sheet aims to show those reserves over which members have control, don't forget that some of the unusable reserves will become a charge against the revenue account – or usable reserves – over time. And in some cases, such as the Unequal Pay Back Pay Account, this might be within a year or two.

As indicated above, not all reserves can be used to deliver services, and the Code reflects this by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to such member influence.

# cash flows

The final statement required by the Code is the cash flow statement.<sup>1</sup> The cash flow statement shows changes in cash flows of the authority during the financial year. It shows net cash flows split into three activities: operating, investing and financing. The cash flow statement shows the resulting movement in the authority's cash and cash equivalents. Cash and cash equivalents include short term investments that are readily convertible and which are subject to only insignificant risk of changes in value.

## Cash Flow Statement (extract)

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	Three groups of transactions: <ul style="list-style-type: none"> <li>■ Operating</li> <li>■ Investing</li> <li>■ Financing</li> </ul>
Net cash flows from Operating Activities (Note 26)	(10,156)	
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
<b>Cash and cash equivalents at the end of the reporting period (Note 19)</b>	<b>(13,767)</b>	Cash and cash equivalents figure in the balance sheet

<sup>1</sup> Note the format of the cash flow statement shown is produced under the indirect method.



# a checklist of questions to ask about a local authority's financial statements

To assist with the understanding of local authority financial statements a checklist about the core financial statements and the Expenditure and Funding Analysis has been included below.

<b>Checklist</b>	
<b>Expenditure and Funding Analysis</b>	
1	Have any significant differences between budget reports and net expenditure chargeable to General Fund and Housing Revenue Account balances been explained?
2	Are the major statutory adjustments clearly explained and easily understood?
<b>Comprehensive Income and Expenditure Statement</b>	
3	Is the purpose of the Comprehensive Income and Expenditure Statement clear (ie does it show actual financial performance under accounting standards before fiscal adjustments)?
4	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
5	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
6	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
7	Are there any unexplained significant variances between current and previous year information?
<b>Movement in Reserves Statement</b>	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the line or columnar items not explained in the Statement?

## Checklist

13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?

## Balance Sheet

15	Does the property, plant and equipment information tell the story of the authority's property portfolio during the year (including the major movements in that portfolio ie major disposals and acquisitions)? Do these balances reflect the authority's asset management strategy?  (Note the same question can be asked for local authorities with substantial portfolios of investment properties.)
16	For highways authorities – do the movements in the Highways Network Asset represent the transport management/investment decisions of the authority?
17	Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report?
18	Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained?
19	Have there been any significant movements in the authority's borrowings during the year? Are these movements reflected in your council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans?
20	Are there any significant movements in an authority's investment portfolio? Do these agree with the plans in the authority's treasury management strategies and statutory investment plans?
21	Are there any other significant movements in balances in the balance sheet that are not clearly explained?
22	Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement?

## Cash Flow Statement

23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

# reminders and questions raised on the IFRS-based code

## **IFRS – what is it?**

International Financial Reporting Standards (IFRSs) are a suite of accounting standards used across the world. The Code of Practice on Local Authority Accounting is based on IFRS standards as adapted or interpreted for local authority circumstances.

## **The pension deficit is meaningless – why do we have to show it?**

The deficit doesn't have to be funded from this year's budget, but it's still a true cost estimated by actuaries – it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So it's a real call on future funding arising from past activity. Not showing this would hide the liability that the authority has incurred.

This also applies to other reserves. Like the Pension Reserve, the Capital Adjustment Account, the Unequal Pay Back Pay Account and similar reserves all do one thing: they hold expenditure that the authority has incurred but not yet financed. Think of them as being a bit like a credit card balance – these amounts will have to be funded in future, either from taxation or from usable reserves.

Concerns have been expressed that all these reserves make the balance sheet incomprehensible. But all that needs to be shown on the balance sheet itself are 'usable reserves' and 'unusable reserves' – the details can all go in a note. This will help to declutter the balance sheet.

## **The financial statements do not clearly demonstrate traditional measures of local authority performance ie General Fund and HRA balances**

The IFRS-based Code sets out that local authority financial statements are intended to be used for assessing the stewardship of local authority resources and for making economic decisions. Thus the information is intended for two purposes. The Comprehensive Income and Expenditure Statement presents information on the real economic cost of providing services in the year and it does not show the movement in General Fund and HRA balances. This reconciliation is provided in the Movement in Reserves Statement, whose bottom line shows the General Fund and HRA resources available at year end. CIPFA has reviewed options for making this even clearer. The new Expenditure and Funding Analysis brings together both the accounting measures of performance and the performance against General Fund for council tax setting purposes.

## **The accounts are too long!**

Yes, the accounts can be long, but local authorities have a complex story to tell. But notes only need to be produced if they are material – leaving out notes that aren't material or required by legislation is a good start. CIPFA/LASAAC as standard setter is continuously challenging the need to introduce disclosures and reporting requirements for local government.

## **What changes were made to the 2016/17 Code?**

CIPFA and CIPFA/LASAAC consulted widely in preparation for these changes, particularly the Telling the Story consultation in the summer of 2015. CIPFA also engaged a working group to consider a wide range of proposals for change. Following feedback from consultations from local authority accounts preparers and the work of the Working Group, the Telling the Story consultation set out proposals for change that CIPFA/LASAAC considers will reconnect the financial statements of local authorities with the way those authorities are both organised and funded.

The changes to the 2016/17 Code therefore have two main strands:

- to allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement
- to introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the current segmental reporting note.

The changes to the Code will for the first time allow local authorities to bring together the funding framework and the accounting framework in one analysis.

# further reading

*Financial Statements: A Good Practice Guide for Local Authorities* (CIPFA, 2013)

*Clear out the Clutter* (Public Finance, April 2014)

*Simplified Accounts: Small Isn't Always Beautiful* (Public Finance, September 2015)

*Code of Practice on Local Authority Accounting in the United Kingdom* (CIPFA, issued annually)

*Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners*  
(CIPFA, issued annually)



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