

Public Document Pack



MEETING:	Audit and Governance Committee
DATE:	Wednesday, 28 October 2020
TIME:	2.00 pm
VENUE:	THIS MEETING WILL BE HELD VIRTUALLY

AGENDA

Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 10*)

To receive the minutes of the meeting held on the 16th September, 2020.

3. Appointment of Vice Chair

To consider the appointment of a Vice Chair from amongst the Independent members of the Committee.

Items for Discussion/Decision

4. Annual Governance Statement 2019/20 (*Pages 11 - 40*)

The Executive Director Core Services will submit a report presenting the Authority's 2019/20 Annual Governance Statement as required by the Accounts and Audit Regulations 2015 and seeking approval to refer it to Council for consideration.

5. Report to those charged with Governance (ISO 260) 2019/20 (*Pages 41 - 78*)

The Council's External Auditor will submit a report summarising the key issues identified during the audit of the Financial Statements for the year ended 31st March, 2020 for the Authority and on the assessment of the Authority's arrangements to secure Value for Money

6. Audited Statement of Accounts 2019/20 (*Pages 79 - 252*)

The Service Director Finance will submit a report presenting the Council's revised 2019/20 Statement of Accounts following the statutory audit period.

7. Letter of Representation (*Pages 253 - 256*)

The Executive Director Core Services and Service Director Finance will submit the Draft Letter of Representation which is to be sent to the External Auditor.

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

Councillors Loftis (Chair), Richardson, Barnard, P. Birkinshaw, Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks; together with Co-opted

members Ms K Armitage, Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

*** Membership subject to approval at the Annual Council to be held on the 22nd October, 2020**

Sarah Norman, Chief Executive

All Executive Directors

Shokat Lal, Executive Director Core Services

Neil Copley, Service Director Finance (Section 151 Officer)

Rob Winter, Head of Internal Audit and Corporate Anti-Fraud

Ian Rooth, Head of Financial Services

Alison Salt, Corporate Governance and Assurance Manager, Internal Audit Services

Michael Potter, Service Director Business Improvement and Communications

Please contact William Ward on email governance@barnsley.gov.uk

Tuesday, 20 October 2020

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 16 September 2020
TIME:	4.00 pm
VENUE:	THIS MEETING WILL BE HELD VIRTUALLY

MINUTES

Present Councillors Richardson (Chair), Barnard and Lofts together with Independent Members - Ms D Brown, Mr S Gill, Mr P Johnson and Mr M Marks

79. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

There were no declarations of interest from Members in respect of items on the agenda.

80. MINUTES

The minutes of the meeting held on the 29th July, 2020 were taken as read and signed by the Chair as a correct record.

Arising out of these minutes, the following matters were highlighted:

(a) Draft 2019/20 Statement of Accounts – Narrative Report

Further to minute 69(d), it was noted that certain items suggested for inclusion within the Narrative report to the Statement of Accounts were not included within the minutes, namely:

- the Impact of Covid 19 on future financials
- deliver or non-delivery of services in the future
- new ways of working in the future for the council
- an explanation of property valuations and disclosures of major changes
- an explanation of the rationale for changes in pensions actuarial assumptions
- how the Glassworks Project would or would not be impacted

Questions were also asked regarding the process to be followed between today and the date of the approval of the accounts. It was also suggested by one Independent Member that he would be happy to look at any aspect of the annual report and accounts outside the meeting if this assisted with input into the final content.

Mr S Loach, Head of Finance, stated that the Service Director Finance (Section 151 Officer) had agreed to prepare an executive summary to the accounts which would address all the issues raised. This would be circulated to all Audit Committee Members prior to the External Auditor reporting back on the accounts. The decision as to whether or not this would be included within the Annual Report and Accounts had yet to be made. No decision had been made as to when the meeting was to be held to approve the Annual Report and Accounts

A request was made for Members to be provided with information on the increase in values of land and buildings together with an explanation of material increases and

decreases. The Head of Finance stated that this information was available and was to be included within the Executive Summary to the Accounts but would also be provided separately in advance of that Summary report

(b) Material Uncertainty

Reference was made to the material uncertainty due to Covid 19 in relation to the valuations and to the fact that the Internal Valuer had flagged this in accordance with the Royal Institution of Chartered Surveyors (RICS) Red Book Guidance. Whilst representatives of Grant Thornton were not yet within the meeting, they had indicated that they were anticipating that their opinion would draw attention to this point in common with other local authority opinions. (This was confirmed by the External Auditor Representatives once they were able to enter the meeting)

81. CORPORATE ANTI-FRAUD TEAM PROGRESS REPORT

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an account of the work of the Corporate Anti-Fraud Team for the period 1st April to 31st August, 2020.

The report gave details of the action taken in respect of fraud management and investigations during the first five months of 2020/21 in relation to:

- Covid 19 Counter Fraud Work had been a major focus and with particular emphasis on
 - The small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund and the Local authority Discretionary Grants Fund
 - Fraud Alerts and Scams
 - Covid 19 Fraud Risks
 - Counter Fraud Advice
- Data matching work that was continuing in relation to the National Fraud Initiative
 - It was noted that the Cabinet office had confirmed that Business Support Grants and Business Rates datasets were to be mandated in the 2020/21 NFI exercise
 - Comparisons were provided of the 2018/19 NFI results to previous exercises in relation to Housing Benefit, Payroll, Pension Gratuity, Private Care Home Residents, Duplicate Creditors, Council Tax Reduction, Council Tax Single Person Discount and Personal Budgets
 - Arising out of the above, particular reference was made to work in relation to the Single Person Discount and the work undertaken in liaison with the Business Rates Team
- Investigations undertaken - details of which were summarised in relation to Council Tax Fraud, Tenancy Fraud (including Right to Buy investigations), Blue Badge Irregularities, Insurance Fraud and Corporate Investigations involving employee or other third party fraud
- Preventative work including procurement fraud risk
- Work with External Clients

The difficulties of identifying a definite amount of money saved as a result of the impact of the Team was outlined, however, it was noted that the Corporate Anti-Fraud Team more than payed for itself every year in direct activity and contributed

additional fraud/loss avoidance through fraud awareness training, policy review and advice.

In the ensuing discussion, particular reference was made to the following:

- There was a discussion of the potential risk associated with digital remote working which the Team was very alert to and it was noted that regular meetings were held with colleagues within the IT Service to look at and to be assured about the Council's response to those kinds of risks
- It was noted that Barnsley was one of the first Local Authorities in the region to start making payments to businesses in order to support the local economy in accordance with the Covid 19 guidance and this had been prior to the receipt of any Government funding. Approximately £18m in payments had been made prior to the 31st March, 2020. The Section 151 Officer had been aware of the apparent and inherent risks associated with this and appropriate action had been taken to mitigate any risks arising. The number of fraudulent cases had been minimal, and work was progressing with the Corporate Anti-Fraud team to recover any payments wherever possible. The Government had confirmed, however, that provided that the Authority had robust and necessary procedures and processes in place, which it had, then any costs would be borne by the Government and not the Council
- Questions were asked in relation to any publicity the authority might be issuing reminding individuals of the opportunity to return invalid claimed payments. The Head of Internal Audit, Anti-Fraud and Assurance stated that successful prosecutions were always publicised in the local press. In addition, in a few months' time his service would be publicising a range of scams and frauds as part of the Fraud Awareness Week which ensured that these important messages were highlighted both within the Council and the local community. In relation to all grants and payments schemes, the Council had very carefully crafted fair processing notices which made it clear that the information provided by applicants could be used for the purposes of combatting crime. The Council was also developing capacity to utilise information it already had in order to identify fraudulent or duplicate payments utilising a new system that the Finance Service had recently implemented. In relation to the proactive approach encouraging those who had received incorrect payments to admit the same was not something that was readily utilised, and this matter would be given further consideration to see if such an approach could be adopted. It was suggested that it might be useful to give further consideration to the work of HMRC in this area
- In response to specific questioning, the Director of Finance gave a brief report on the way in which funding received to support the Covid pandemic, as well as the New Burdens Funding, could be utilised
- Thanks were extended to the Business Support Team and to the Corporate Anti-Fraud Team for their hard work during this very difficult period

RESOLVED:

- (i) That the progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption for the period 1st April to 31st August 2020 be noted; and

- (ii) That further regular reports be submitted on internal and external fraud investigated by the Corporate Anti-Fraud Team.

82. LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - ANNUAL REVIEW LETTER 2020

The Executive Director Core Services submitted a report presenting the Annual Review Letter for Barnsley MBC of the Local Government and Social Care Ombudsman for 2020. A copy of the letter was appended to the report.

The report, in outlining the background to the Ombudsman's role, indicated that despite the Council's best endeavours, there were times when it did something that resulted in a complaint. Whilst the authority had a very robust complaints procedure there were times when this did not produce a satisfactory outcome for the complainant whose next recourse was to complain to the Ombudsman.

Part of the remit of this Committee outlined within the Terms of Reference was to 'consider any payments in excess of £2000 or provide other benefits in cases of maladministration by the authority within the scope of Section 92 of the Local Government Act 2000'. In this respect it was noted that one payment had been made in excess of this amount following a recommendation of the Ombudsman and a separate report on this would be presented to a subsequent meeting.

The report then went on to outline the key messages arising from the Ombudsman's letter which related to delays in providing responses to several investigation enquiries and in completing the recommendations agreed.

Clearly the Council was disappointed with this performance and whilst a number of the cases were particularly complex and took a considerable amount of time to address, this level of performance was not acceptable and needed to improve. The Council had, therefore, instigated a fundamental review of the process and supporting procedures in order to ensure that there was a full understanding of the reasons for those delays and to ensure better compliance in the future. Details for the review being undertaken were outlined which was being supported by the Data Protection Officer. In addition, the new processes and procedures would be audited once finalised and implemented.

The Executive Director Core Services felt that the Committee should be assured of the priority this review had and the commitment there was to ensure a significant improvement in performance. This was a top priority and of critical importance.

It was also reported that the recent Annual Governance Review process had highlighted and recognised that there was scope to improve the timeliness of responses from the various services, but also to support that, there was a need to review the corporate processes and procedures.

The Committee would be kept informed of the progress and in due course would receive a presentation and report on the outcome.

Mr M Potter, Service Director Business Improvement, Human Resources and Communications also attended the meeting and briefly outlined the work being undertaken as part of that review, in working with colleagues within the IT Service and in developing a new performance management process and framework. It was hoped that this would be implemented from mid-October and the Data Protection Officer had been instrumental in providing support and acting as 'critical friend'.

In the ensuing discussion, the following matters were highlighted:

- It was noted that the work on the review was well under way and further information would be provided to the Committee on when that was due to be concluded. An Action Plan had been prepared and would be made available to Members of the Committee when the report on the review was submitted
- It was suggested that a summary report should be provided detailing information provided by all external agencies on the performance of the authority (Planning Inspectorate, Health and Safety, information Commissioner etc.). The Executive Director Core Services accepted that this would be a useful approach and arising out of this discussion he reported that the annual customer complaints report was to be submitted to Cabinet in the next few weeks. This information together with the other information requested that the Council held could be collated to provide a report to the Committee on the performance of the Authority and this would then enable members to examine comparator information and useful benchmarking information. The Service Director Business Improvement, Human Resources and Communications reported that the Annual Health and Safety report was currently being prepared for consideration by the Senior Management Team, Cabinet and this Committee. This report would also inform the preparation of a composite performance report
- Arising out of the above, the Head of Internal Audit, Anti-Fraud and Assurance commented that part of the Annual Governance Statement process was to explore all the opportunities for commenting on the Authority's governance arrangements and some of those external reports mentioned would be considered in terms of the adequacy or otherwise of the governance arrangements. Members were also reminded that they would be routinely receiving reports to on governance issues as part the Committee's wider remit and thereby receive additional assurance around the broader activities and responsibilities of the Council
- A request was made that further reports should include more detailed information on various aspects of the concerns expressed by the Ombudsman. This would enable the Committee to have a greater understanding of where issues might be occurring/re-occurring and, thereby enable greater scrutiny to be made in relation to potential problem areas. The Service Director Business Improvement, Human Resources and Communications stated that further information on the 6 cases highlighted within the letter would be provided but that these were not within one particular service area but from across the organisation. In relation to the number of complaints in general, it was noted that a full breakdown would be provided within the annual report
- Mr G Mills (External Auditor) briefly reported on the changes being introduced from 2021 which would result in the External Auditors picking up more of the work of the external regulators in more detail and linking to their own Value for

Money conclusion work. The National Audit Office had issued a new Audit Code and there was an expectation that the amount of work undertaken on Value for Money would be much more detailed and one of the three strands that external auditors were expected to pick up on was around the overall governance arrangements in place at public sector bodies. Added to that, the Redmond Review Report published last week contained a number of recommendations on which a presentation was to be made at the Training/Awareness Session in October. One of those recommendations was that external auditors link up more with external regulators to form a wider picture of governance arrangements within an organisation

RESOLVED:

- (i) That the report and Annual Letter of the Local Government and Social Care Ombudsman be received and the response from the Council with regard to the fundamental review of the corporate processes that aim to ensure a higher level of compliance be noted; and
- (ii) That a further report be submitted following the completion of the review.

83. AUDIT COMMITTEE WORK PLAN

The Committee received the indicative work plan for the Committee for the period June 2020 to March 2021.

The Head of Internal Audit, Anti-Fraud and Assurance reported on his intention to submit a schedule of items which dealt with the Committee's wider governance perspective.

RESOLVED that the core work plan for meetings of the Audit and Governance Committee be approved and reviewed on a regular basis.

84. CORPORATE FINANCE PERFORMANCE - QUARTER ENDING 30TH JUNE, 2020

The Executive Director Core Services and Service Director Finance (Section 151 officer) submitted a joint report on the financial performance of the Authority during the first quarter ended 30th June, 2020 and assessing the implications against the Council's Medium Term Financial Strategy. The report had been considered by the Cabinet at its meeting on the 9th September, 2020.

It was noted that the report was the first update presented which reflected the impact of Covid 19 on the Council's financial position. The pandemic had placed a significant strain on the 2020/21 revenue budget and the Council was reporting an overall projected General Fund revenue overspend of £33.5m for the year. This comprised a forecast overspend on Directorate budgets of £26m and a £7.5m overspend on Corporate budgets. In addition there was projected overspend of £4.8m on the Housing Revenue Account. There was an overall net impact after Government funding of £15.7m.

The position on the Council's Capital Programme for 2020/21 was currently projected to be an overall lower than anticipated expenditure of £13.4m. This, in the main, related to scheme slippage of £9.2m though there had also been a reduction in scheme costs totalling £4.4m all relating to schemes with restricted (specific) funding.

As part of the 2020/21 budget setting process some £10.4m of new capital investment had been provisionally approved, however, due to the Covid pandemic this new investment had been suspended pending a review in line with the Covid 19 Financial Recovery Strategy. This review had now been completed with £7.275m of this investment now able to proceed.

In relation to Treasury Management issues, there had been a downward trend in Public Works Loan Board (PWLB) borrowing rates over the first quarter with the expectation of little upward movement in interest rates over the next two years and subject to ongoing Government consultation some PWLB borrowing rates could be reduced by up to 1%.

There had been no new borrowing within the quarter and due to the benign interest rate environment, it was not anticipated that any material borrowing would take place during the remainder of the financial year. It was anticipated that the Council would need to borrow up to £225m over the next three years of which £75m would need to be taken at fixed interest rates to maintain interest rate risk exposure at 70% of total debt.

Security and liquidity remained the key investment priorities with the majority of new investments placed in secure Money Market Funds and instant access accounts.

Reference was made to the £1.498m extra costs within the Adult Social Care Service. It was noted that this was not solely to be used in relation to anti-social behaviour but would be utilised to provide:

- Financial Hardship Support
- Emergency accommodation for the homeless and rough sleepers
- Provision of an emergency contact centre
- Food distribution
- Support for the voluntary sector.

It was acknowledged that this was perhaps unclear and the wording would be amended accordingly.

RESOLVED that the report on the financial performance of the Authority for the first quarter ended 30th June, 2020 be noted.

85. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED that the public and press be excluded during consideration of the following items because of likely disclosure of confidential or exempt information as defined by Paragraph 7 of Part I of Schedule 12A of the Local Government Act 1972 as amended.

86. EXTERNAL AUDIT - INFORMATION TECHNOLOGY AUDIT REPORT

The Council's External Auditor (Grant Thornton) submitted a report on an audit of the IT General Controls including a SAP Technical Review.

The report which was presented by Mr G Mills and Mr T De Zoyza highlighted the following:

- the background to the audit
- a summary of the observations
- the scope and summary of work completed
- the classification of the recommendations
- the detailed observations and recommendations
- the follow up of prior year findings

Mr C Clarke (Grant Thornton) and Ms S Hydon (Head of ICT – Service Management) attended the meeting to answer Members detailed questions about the audit, its recommendations and action taken in response to the findings.

The report engendered a full and frank discussion during which matters of a detailed and general nature were raised and answers were given to Members questions where appropriate. Particular reference was made to the following:

- benchmarking with other Local Authorities and other similar entities which indicated that Barnsley performed better than most
- discussions held between the External Auditors and Officers in relation to the findings and the mitigation of risk
- the fact that there were no significant deficiencies and that no additional audit processes had been performed
- the arrangements in place to liaise with and learn from other authorities
- the way in which SAP was utilised across the Authority, the controls, security and risk mitigation arrangements in place

RESOLVED that the report be received, and the actions taken in response to the Audit be noted.

At the conclusion the following matters were briefly commented upon

- the need for a report to be submitted to each meeting on the governance arrangements regarding the Glassworks project
- Members were asked to submit to officers' details of any items they wished to discuss at the October training/awareness session

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Chair

Item 4

Report of the Executive Director – Core Services

AUDIT AND GOVERNANCE COMMITTEE – 28th OCTOBER 2020

ANNUAL GOVERNANCE STATEMENT 2019/2020

1. Purpose of the Report

- 1.1 This brief covering report presents the Authority's 2019/2020 Annual Governance Statement (AGS) as required by the Accounts and Audit Regulations 2015.

2. Recommendations

- 2.1 **It is recommended that the Committee considers the AGS as an accurate statement reflecting the governance arrangements in place and the actions arising from the annual governance review process.**
- 2.2 **Subject to the Committee's comments, it is recommended that the Draft AGS is submitted to full Council for approval.**
- 2.3 **It is also recommended that the Committee receives updates on the progress of the actions identified in the AGS action plan at each of its meetings.**

3. Background

- 3.1 The production of an AGS is a statutory requirement as defined in the Accounts and Audit Regulations 2015. However, those regulations do not provide any guidance as to the contents or format for the document. CIPFA provides guidance but this is not mandatory and so what emerges is a variety of styles, lengths and formats for AGSs across local government.
- 3.2 One aspect of that CIPFA guidance for 2019/20 has recommended that the AGS specifically reflects the impact the Covid-19 pandemic has had. Whilst the greatest impact has fallen within the current 2020/21 financial year, the AGS is signed at the point when the statement of accounts is signed-off and therefore needs to reflect the most up to date position.
- 3.3 The AGS is by definition a public document and should therefore be constructed in a style that allows the reader to understand the governance arrangements of the Council and obtain assurance that there has been a robust annual review

process resulting, where appropriate, in actions to address any improvements identified.

- 3.4 The AGS for 2019/20 has been prepared following an annual governance review process the Committee considered at a previous meeting. This proved to be very useful and highlighted where senior managers themselves saw opportunities to further enhance and improve governance arrangements.
- 3.5 It is important that the AGS is not seen as an 'end of year' process and that there is therefore a constant focus on the actions throughout the year. The Committee should be assured that following the annual governance review process all Business Units committed to reflect on their own reviews at their management team meetings on a continuous basis. In support of that the Committee will receive updates to the action plan at each of its meetings.
- 3.6 As the Committee is aware, a new approach to broader governance assurance is also being developed that will support and integrate into the new risk management arrangements but also embed the focus on governance that the recent annual governance review introduced. The Committee will of course be kept informed as to the development of the governance assurance framework which will provide a clearer focus for the Committee itself across its wider governance remit. Work is also underway to ensure there is easy public access to the AGS and other governance documents through the Council's website.
- 3.7 The AGS is appended to this report.
- 3.8 The Committee is invited to consider and comment on the AGS and subject to any comments a revised draft will be submitted to Full Council for formal approval.

Contact Officer: Head of Internal Audit, Anti-Fraud and Assurance
Email: robwinter@barnsley.gov.uk
Date: 19th October 2020

Barnsley Metropolitan Borough Council

Annual Governance Statement 2019/20



ANNUAL GOVERNANCE STATEMENT 2019/20

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1. Executive Summary

Barnsley Metropolitan Borough Council is committed to improving the lives of all residents and creating opportunity and prosperity for local people and businesses. This commitment is set out in the council's Corporate Plan and describes how the council will meet the challenges ahead and make the most of opportunities.

To be successful the council must have a solid foundation of good governance and sound financial management. Barnsley's Local Code of Corporate Governance sets out how we aspire to and ensure that we are doing the right things, in the right way and in line with our values.

Each year the council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements set out in the Local Code have been working. This statement gives assurances on compliance for the year ending 31 March 2020 and up to the date of approval of the statement of accounts.

The AGS shows that in many areas the Council has very effective arrangements in place. We will continue to review, streamline and improve our processes to ensure these arrangements remain effective, now and into the future.

Although most of the financial year was largely unaffected by the coronavirus pandemic, from March 2020 there has been a significant impact upon the Council's services. Despite the significant challenges, the Council, together with its partners, has continued to deliver and co-ordinate services, alongside providing a robust and effective response to the pandemic.

The Leader and Chief Executive confirm they have been advised of the implications of the review of governance arrangements by Senior Management and the Audit and Governance Committee and are satisfied that the steps outlined in this document will address the areas for improvement.

Signed on behalf of Barnsley Metropolitan Borough Council

Signed:
Sir Stephen Houghton CBE
Leader of the Council

Signed:
Sarah Norman
Chief Executive

2. Actions from the Annual Governance Statement 2018/19

The 2018/19 Annual Governance Statement identified 2 areas for action:

- monitoring the implementation of management actions identified by the Data Protection Officer (DPO) to further improve compliance with the General Data Protection Regulations and embed good general data protection practice
- delivery of the improvement action noted within the 2019 Peer Review findings specifically to address recommendations relating to governance and risk

During 2019/20 the Audit and Governance Committee have received regular updates on progress against these areas; key aspects to note are as follows:

a) General Data Protection Regulations – to further improve compliance:

Action has been taken to improve compliance with the General Data Protection Regulations. Independent assurance reviews were completed providing the Information Governance Board with information and assurance regarding compliance with good data protection practice. Management actions arising from individual assurance reports have been followed up and all actions have been completed.

Further assurance reviews for 2020 are currently being finalised but all areas reviewed have received a positive assurance opinion. The details of these reviews are considered by the Information Governance Board and reported to the Audit and Governance Committee.

The Information Governance Board has been reviewed and new terms of reference and membership have been established to ensure the Board has a more strategic focus. The Data Protection Officer provides a regular update (a standing item) on data protection compliance to the Board.

b) Peer Review Findings – Governance and Risk:

The Senior Management Team (SMT) received a presentation in October 2019 on the review of the Strategic Risk Register and a proposed new approach to risk which was endorsed in principle. A workshop session with SMT to develop the Strategic Risk Register was planned for early 2020 which was unfortunately postponed due to the Coronavirus pandemic. SMT have renewed their commitment to the new approach and a workshop was held in August 2020 following which a new strategic risk register has been prepared.

Further work is required to develop the Strategic Risk Register further, to roll-out the new approach to operational and project areas and to integrate it with a new approach to governance assurance. This is an action within the AGS action plan.

3. Introduction and Scope of Responsibility

Barnsley Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Accounts and Audit Regulations 2015, as amended by the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, require the council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

4. The Principles of Good Governance

The Council has reviewed its existing governance arrangements and has approved and adopted a Local Code of Corporate Governance, which is consistent with the seven principles of Corporate Governance as set out in the CIPFA/SOLACE (2016) Framework Delivering Good Governance in Local Government. The Council's Local Code is available here:

<https://barnsleymbc.moderngov.co.uk/documents/s70275/Local%20Code%20of%20Corporate%20Governance.pdf>

The seven principles are as follows:

- Principle A - Behaving with integrity
- Principle B - Ensuring openness and stakeholder engagement
- Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits
- Principle D - Ensuring planned outcomes are achieved
- Principle E - Developing capacity, capability and leadership within the Council
- Principle F - Managing risks and performance through strong internal control and financial management
- Principle G - Demonstrating transparency and accountability

5. The Purpose of the Annual Governance Statement

The Annual Governance Statement considers the effectiveness of our governance arrangements throughout 2019/20. It is an objective and honest appraisal of our governance framework and shows that, we have **adequate arrangements which continue to be regarded as fit for purpose that comply with the council's Local Code of Corporate Governance** and shows that we have met our legal and statutory obligations to our residents.

It identifies those areas where we recognise that further development and improvement is required to ensure that we have effective governance arrangements that enable the organisation to deliver on its commitment to improving the lives of all residents and creating opportunity and prosperity for local people and businesses.

There were no major weaknesses or concerns identified during the self-assessment process that had not already been recognised. See sections 9 and 10.

However, it must be recognised that whilst the Annual Governance Statement assesses governance in place during 2019/20, the Coronavirus pandemic has impacted on governance arrangements from March 2020. A further assessment of this is included in section 11.

6. Reviewing our Effectiveness and the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is enabled, directed and controlled and through which it accounts to, engages with and leads the community. Part of that framework involves the management of risk. No risk management process can eliminate all risks and can therefore only provide reasonable and not absolute assurance of effectiveness. As referred to above, the Council's approach to risk management has been fundamentally reviewed with a new strategic risk register being approved by the Senior Management Team in August 2020.

The review of effectiveness has been informed by:

- An annual facilitated self-assessment assurance process with all Business Units linked to Governance Domains to prompt consideration of the existence and adequacy of governance arrangements during 2019/20
- An Annual Report of the Head of Internal Audit, Anti-Fraud and Assurance which provides an opinion on the adequacy and effectiveness of the council's risk management, control and governance processes
- The work of the designated Senior Information Risk Owner (SIRO) and the Data Protection Officer (DPO) and the role of the Information Governance Board
- The work of the Audit and Governance Committee which includes responsibility for monitoring the development and operation of corporate governance in the council
- The Council's internal management processes, such as performance monitoring and reporting; the staff performance and development framework; employee awareness of corporate policies; monitoring of policies such as the corporate complaints and health and safety policies and budget management systems
- External Audit Reviews
- Recommendations from external review agencies and inspectorates

Specific governance assurances have been obtained from the following statutory officers;

a) Head of Paid Service

As Chief Executive and the Head of Paid Service, I am responsible for the overall corporate and operational management of the council. In my first year as Chief Executive in Barnsley and getting to know the Council and Borough, I am both impressed and proud of the way the organisation has responded during the covid crisis and has maintained good and effective governance whilst shifting to a virtual way of working. We have also made good progress in developing with partners a place-based vision for Barnsley in 2030 which will in turn help us to develop our next Corporate Plan. We have done a thorough review and redesign of our Strategic Risk register to make it more focused and strategic, which will be complemented by a revised governance assurance framework to be introduced soon which will further support our focus on maintaining efficient and effective corporate governance. We are also developing a new council transformation programme, building on the success of Future Council, but also the learning from our new ways of working under covid. I support the areas for improvement presented in this Annual Governance Statement and look forward to a successful but inevitably challenging year ahead.

b) Section 151 Officer

As the Council's designated S151 Officer I am responsible for the Council's financial governance, risk and control frameworks which ensure that the Council's financial decision making is both lawful and prudent. I am also responsible, in accordance with the statutory requirements set out in the Local Government Act 1972, for the proper administration of the Council's financial affairs.

I am satisfied that the Council's arrangements are robust in all regards and more than meet the minimum thresholds set out under statute. My view is corroborated from a number of independent sources including the External Auditor who is expected to issue a clean accounts and unqualified Value for Money opinion, the AGS review process which identified financial management as an area of strength across the organisation and the corporate peer review which took place in 2019 which found the Council to have strong 'financial grip'.

As well as providing assurance around the accounting period under consideration these arrangements have also allowed the Council to robustly plan and effectively manage the anticipated financial impact of the ongoing pandemic, notwithstanding the requirement for the Government to provide additional funding over and above that already provided to cover all associated costs and lost revenue streams.

c) Monitoring Officer

As Monitoring Officer and Director of Governance, I am responsible for ensuring both elected Members and Officers uphold high standards of behaviour and conduct in adherence of the law.

I am particularly pleased that the Council was able to respond quickly to the demands on its decision-making processes when the Covid crisis hit and lockdown occurred. Supported by the necessary legislation we were able to establish our decision-making processes on a virtual platform and maintain transparency and thereby reassurance in the decisions we make as a Council. This has continued and I have no doubt that with the assistance of improvements in technology we will be able to ensure due diligence is maintained and standards in public life upheld.

I acknowledge the areas of improvement set out in this Annual Governance Statement and will work diligently with Members and colleagues to ensure they are delivered. Equally the steps taken to build on the Council's transformation programme represent the efforts of a great many in delivering high quality public services to the people of Barnsley.

The process of review and monitoring of governance arrangements across the Council is a continuous process with updates provided throughout the year to the Audit and Governance Committee.

7. Internal Audit and the Opinion on Internal Control 2019/20

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards (PSIAS), the Head of Internal Audit, Anti-Fraud and Assurance is required to provide independent assurance and an annual opinion on the adequacy and effectiveness of the council's Internal control, governance and risk management arrangements. This is achieved through the delivery of an annual programme of risk-based audit activity, including counter fraud and investigation activity. Management actions arising from the audit work are agreed with the aim of improving the internal control, governance and risk management arrangements of the council.

Below is an extract from the Head of Internal Audit's annual report submitted to the Audit and Governance Committee at their meeting on 29th July 2020:

“Taking the whole year into account and the audits completed, it is appropriate to give an overall reasonable (positive) assurance opinion for the year. The information supporting this opinion is provided below.

Whilst the overall opinion is positive, there are some key issues arising from Internal Audit work in the year that senior management should consider. In general terms these continue to relate to the significant pressures in most areas of the Council, the general impact of managing the implications of changed structures and new and changed systems. Such changes, whilst inevitable in the circumstances of limited resources, need to be recognised by management as having implications on the ability to maintain reasonable and effective controls in some areas of activity.

It is important that senior managers remain alert to, and focussed on, maintaining an appropriate, risk-based and effective framework of controls as the Council enters the recovery stage of the Covid 19 period and also continues to work towards Barnsley 2030. The audit work undertaken and planned for the current year has sought to take into account the change in risk appetite necessary to embrace and implement such significant change. Although the overall assurance opinion is reasonable, it is essential that senior management retain a focus on embedding new and revised operational and governance arrangements (including the innovative service delivery methods that have arisen in response to Covid 19).

To highlight this issue, a number of senior managers asked for Internal Audit input during the year to provide support and assurances that the control framework in certain areas was effective. This Internal Audit support was requested to highlight key control, governance and risk issues and assist management in how best to deal with them. Of key importance of course is the consideration and management of the identified and accepted risks moving forward.

Full details of the assurance provided in this statement can be found within the Internal Audit Annual Report for 2019/20, submitted to the Audit and Governance Committee on the 29 July 2020.

<https://barnsleymbc.moderngov.co.uk/documents/s68834/Internal%20Audit%20Annual%20Report%20201920.pdf>

Effective liaison arrangements are in place that ensure Internal Audit are kept up to date with developments and any changes in priority. Internal Audit has also provided assurances regarding the council’s response to and recovery from the Covid 19 pandemic.

It should be noted that the internal audit planning process and in-year management involves discussions with SMT and wider senior management to ensure audit coverage is focussed on managing the key risk and priorities of the Council. Of particular relevance is the development of the revised approach to risk management and broader governance assurance agreed by SMT and reflected in the AGS action plan. There remains a clear culture of openness and engagement with Internal Audit across the Authority that supports the positive assurance opinion overall.

8. Data Protection Officer (DPO)

The Council is required to appoint a DPO under the General Data Protection Regulations and Data Protection Act 2018. The key aspect of this role is to provide the Council with independent assurance regarding compliance with the data protection law.

The DPO has regular meetings with officers from the Information Governance Team and the Senior Information Risk Officer (SIRO) and reports to the Information Governance Board. The DPO also undertakes specific assurance reviews annually to support that independent assurance.

Recent assurance reviews present a generally positive picture with a survey highlighting high levels of staff awareness of data protection and a review showing that the Council has effective cyber and IT security arrangements in place. It was recognised as part of the annual governance review process that there is scope to reduce the number of data incidents and improve the timeliness of management actions to minimise the risk of incidents recurring. Actions to address these and other information governance improvements have been captured in the action plan to the AGS.

The DPO and Internal Audit will monitor management's response to the issues raised and conduct further independent reviews and audits on a continuous rolling basis. These will be reported to the Information Governance Board and the Audit and Governance Committee.

9. External Audit

The Council's external auditor is Grant Thornton LLP. They are required each year to carry out a statutory audit of the Council's financial statements and give an assessment of the Council's value for money arrangements. Grant Thornton attend each Audit

and Governance Committee to provide updates on the progress of their work, to answer questions from the Committee and importantly witness the operation of the Committee.

The Auditor's ISA260 Report providing their opinion on the accounts and value for money arrangements is presented to the Audit and Governance Committee and to full Council. The report is available here [\[link\]](#).

10. External Inspection Reports

The Council is subject to various external inspections and regulators. The reports from these bodies provides valuable information and assurance to enable and ensure the maintenance of effective governance arrangements. The bodies that have provided reports and information are listed below.

a) Local Government and Social Care Ombudsman – Referrals Made in 2019/20

During 2019/20 there were 37 referrals made to the LGSCO. Currently 6 of these are outstanding – 5 are waiting for the LGSCO to respond and 1 is with the Council but still within the timescale for response to the LGSCO. In relation to the other 31 referrals the known outcomes of these cases are as follows:

- 5 faults with injustice
- 3 no fault and no injustice
- 10 referrals not considered – not enough evidence of fault
- 3 discontinued investigations
- 9 referred back to the Council to pursue
- 1 referral outside the jurisdiction of the LGSCO

b) Local Government and Social Care Ombudsman - Annual Review Letter 2020

This letter provides details of annual performance statistics on the decisions made by the Local Government and Social Care Ombudsman for Barnsley Metropolitan Borough Council for the year ending 31 March 2020.

The letter notes that it is “...*disappointing that we have encountered delays in your Council’s responses to several investigation enquiries and in completing the recommendations agreed with us. In one case it took the Council an extra 26 days to apologise and make a payment to the parents of a child who had lost out on 18 months’ special educational needs support.*”

The Ombudsman’s letter states that “... *it is essential that recommendations are completed on time to help build the Council’s relationship with complainants and to show it is learning lessons from complaints.*”

The Ombudsman has asked that the Council reflect on the way it responds to enquiries and how it implements remedies – with a view to providing more timely responses in future.

A review of the processes has taken place to ensure that both investigations and responses are done in a more timely way.

The Ombudsman’s letter is available here <https://barnsleymbc.moderngov.co.uk/documents/s70214/Appendix.pdf>

c) Children’s Services – Ofsted Inspections

During the period March 2019 – April 2020 Ofsted have undertaken 9 inspections of maintained primary schools across the Council area. During the same period there were no inspections of maintained secondary schools (there were 2 inspections of secondary academy schools).

The inspections identified one school continuing to be outstanding, four schools continuing to be good, two schools identified as good and two schools requiring improvement.

Action plans have been identified for the two schools requiring improvement and support is provided from BMBC Schools Improvement Officers.

d) Care Quality Commission (CQC)

Barnsley Metropolitan Borough Council is registered with CQC to deliver 2 services:

- BMBC 0-19 Services
- Community Enablement Services

During 2019/20 there were no CQC inspections undertaken of these services. It is likely that the 0-19 Service will be inspected in the near future as since its registration in February 2017 it has not been inspected. Community Enablement Services were inspected in 2018 and received an overall rating of Good.

e) LGA Corporate Peer Challenge

A LGA Corporate Peer Challenge undertaken in early 2019 produced its final report in April 2019. One of the key areas of the Challenge was to review SEND provision. The report identified some areas of good practice and successes e.g. the take up of post 16 education for young people with SEND exceeds national levels, evidence of good relationships between the council and schools, supported by a Schools Alliance which has strengthened collaborative working with schools and the council having developed a peer review approach to drive improvement across the borough.

The Peer Challenge recommendations for SEND were:

- Responsibility for addressing the overall pressures in SEND needs to be shared collectively and collaboratively by the whole partnership. A good starting point would be the development of a single vision for SEND
- Clarify where lead responsibilities sit so that partners can hold each other to account
- Similarly, the partnership needs to work together to agree how children in Barnsley can be provided with more effective SEND support that is inclusive, avoids unnecessary escalation and sets the reduction in exclusion and EHE as key success measures. It should then be implemented without delay
- Children's health needs should be assessed and met in a timelier manner

- Develop an integrated approach to workforce development across the partnership.
- Develop co-production and engagement with parents in the SEND arrangements across the partnership

All actions arising from the Peer Review are reviewed and managed. The focus on SEND is highlighted in Section 12 below as a key corporate priority.

f) Planning Regulatory Board

During 2019/20 there were 928 planning applications made to the Planning Regulatory Board. Of the decisions made in the year, 771 applications were granted representing a rate of 90% of decisions granted. The Board received 33 appeals of which 26 (79%) were dismissed and 7 (21%) were allowed.

g) Information Commissioner's Office (ICO)

During 2019/20 there were 5 cases referred to the Information Commissioners Office (3 data breaches and 2 subject access requests). One of these 5 cases, a SAR is currently outstanding awaiting the ICO's decision as to whether formal regulatory action is required; all the other cases have been closed. Only one case (a data breach) resulted in ICO recommendations for further action – for the service in question to undertake regular audits to ensure all staff are adhering to policies and procedures, and that role specific data protection training should be carried out biennially to ensure all members of staff are aware of their obligations to ensure the security of the personal data they process and store. This has been actioned by the Information Governance Board.

h) Health and Safety Executive

During 2019/20 there were no formal or informal enforcement actions (i.e. Notice of Contravention, Improvement Notice, Prohibition Notice or prosecution) against BMBC.

Occasional follow up enquiries are received from the Health and Safety Executive following accident/incident reports made under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR), however, none were formally investigated in 2019/20.

There was one investigation by the Health and Safety Executive following a complaint from an employee regarding safe methods of work when responding to flooding. A number of specific questions were asked by the Health and Safety Executive, all of which were responded to and supporting evidence of mitigations were provided. The case was closed, and no further action was taken.

11. Governance Issues Identified from the Annual Governance Review – 2019/20

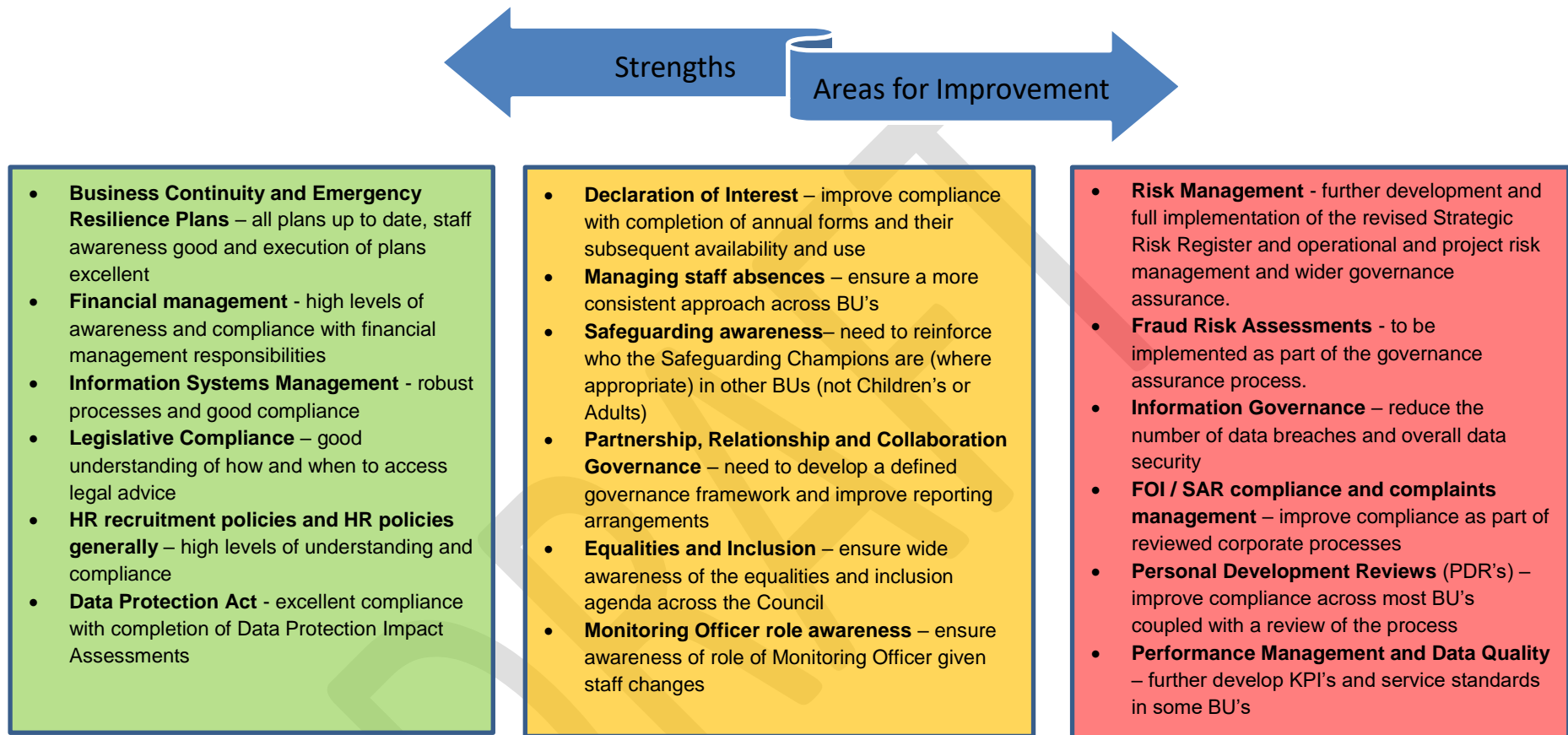
The annual governance review process comprised a facilitated self-assessment from each Business Unit. This self-assessment utilised the governance domains being developed as part of the new approach to governance assurance.

A meeting was held with each Business Unit, led by the Service Director and involved the Heads of Service. The meetings were thorough and robust producing an honest assessment of understanding and compliance across the various areas of governance. Each Service Director commented that the process had been very useful in raising the profile of good governance and committed to use their individual assessments as part of their management team meetings throughout the year.

The key outcomes from the assessment are shown below. The strengths (in green) highlight an important reflection of sound governance being in place. A number of areas were assessed as requiring enhancement (in yellow), reflecting the honest and robust self-assessment process and the desire to improve further.

Importantly, the process identified and confirmed areas where more significant work is required to improve (in red). These areas were already known and work in place / planned to address them.

The actions necessary to address the areas for enhancement (yellow) and improvement (red) have been captured in an action plan [attached] which will be monitored during the year by the Audit and Governance Committee.

**NOTE**

The strengths (in green) highlight an important reflection of sound governance being in place. A number of areas were assessed as requiring enhancement (in yellow), reflecting the honest and robust self-assessment process and the desire to improve further, and the process identified and confirmed areas where more significant work is required to improve (in red).

12. Governance Action Plan for 2020/21

Arising from the governance review the focus will be placed on the following improvement areas; an action plan is attached at Appendix 1:

- a. **Risk Management** – CIPFA/SOLACE - Principle F - Managing risks and performance through strong internal control and financial management
 - Further development and full implementation of the revised Strategic Risk Register and operational and project risk management
 - Development of the wider governance assurance process across the Council to integrate with the new risk management approach
 - Introduce a specific Fraud Risk Assessment process across all Business Units
- b. **Information Governance** – CIPFA/SOLACE – Principle F – Managing risks and performance through strong internal control and financial management
 - Continue work to minimise the number of data breaches and improve overall data security.
 - Review the corporate process for the management of complaints and requests under the Freedom of Information and Data Protection Acts
- c. **Personal Development Reviews (PDR's)** - CIPFA/SOLACE – Principle E - Developing capacity, capability and leadership within the Council
 - Review processes and guidance to ensure all staff to have received a PDR in the last 12 months
- d. **Performance Management and Data Quality** – CIPFA/SOLACE – Principle F – Managing risks and performance through strong internal control and financial management

- Continue to develop service standards and KPI's with Business Units
 - Ensure Business Units use Power BI tools/reports as a routine part of business management
- e. Legislative Compliance** – CIPFA/SOLACE – Principle A - Behaving with integrity
- Ensure awareness of the role of the Monitoring Officer
- f. Partnership, Relationship and Collaboration Governance** – CIPFA/SOLACE – Principle B - Ensuring openness and stakeholder engagement
- Review the governance arrangements and reporting requirements for partnerships and collaborations
 - Develop a defined governance framework with a corporate lead for partnerships and collaborations
- g. Equalities and Inclusion** – CIPFA/SOLACE – Principle B - Ensuring openness and stakeholder engagement
- To ensure wide awareness of the equalities and inclusion agenda across the Council.
- h. Safeguarding** – CIPFA/SOLACE – Principle F - Managing risks and performance through strong internal control and financial management
- Review of the need for Safeguarding Champions within Business Units and general refresher awareness.
- i. Managing Staff Absences** - CIPFA/SOLACE – Principle E - Developing capacity, capability and leadership within the Council
- Improve the consistency of how Business Units manage employee attendance

j. Declaration of Interests – CIPFA/SOLACE – Principle A - Behaving with integrity

- Review of the process to ensure the awareness of declarations made

k. LGSCO Annual Letter – Dealing with Complaints – CIPFA/SOLACE – Principle D - Demonstrating transparency and accountability

- Address issues identified in the LGSCO Annual Letter in relation to complaints management

Whilst the AGS is ostensibly a retrospective look back over the last financial year, it is appropriate that the Council recognises that having robust and effective governance in place will play an important part in service delivery, service improvement and future success.

The areas below are highlighted not because they are of any immediate concern but are included in recognition of their status as major initiatives, priorities or matters that have a significant reliance on good governance for them to be progressed, delivered and managed. Indeed, these matters also reflect the focus of the new strategic risk register.

- 1. The Glassworks Regeneration Project** – ensuring robust governance of the project.
- 2. SEND** – new controls in place and Oversight Board established, but continue to monitor delivery, cost effectiveness and satisfaction rates.
- 3. Children’s and Adult’s Safeguarding** – maintaining a focus to ensure all reasonable measures are in place and effective.
- 4. Covid 19 Recovery** – consider the impact on how services are delivered, the changes to working practices (home working and virtual meetings) and the demands on IT systems etc.

5. **General Organisational Resilience** – keeping under review the Council’s arrangements for emergency and external situations, such as the implications of leaving the European Union and the need to respond accordingly, major business continuity incidents and of course the longer-term and wider implications from the coronavirus pandemic.

6. **Medium Term Financial Strategy** – continual reappraisal to reflect the impact of the pandemic and other influences.

13. Impact of Coronavirus

From March 2020 there has been a significant impact on Council services as a result of the coronavirus pandemic. The Council has co-ordinated a response, as well as directly responding itself, to ensure that resources have been prioritised to those most in need with essential assistance being provided right across all parts of the Borough. Despite the challenges the Council has maintained essential services whilst adapting provision to also provide alternative virtual services. Our robust response to the pandemic has added assurance to the effectiveness of the Council’s Business Continuity Plans, communications strategy and governance arrangements.

Robust governance arrangements were established through a Gold and Silver Group structure, linked to the Local Resilience Forum and the CCG. A strategic threat and risk assessment process was also established and has been maintained throughout.

Although still with a focus on responding to ever-changing local and national circumstances, a Recovery and Renewal Strategy has been developed and is continuously reviewed and updated. It aims to coordinate a strong collaborative recovery which is sensitive to the needs of those affected by the pandemic. It seeks to enable the stabilisation, rebuild and restoration of health, social, economic and political well-being of the communities of Barnsley as the Council deals with the pandemic, and is aligned to the Barnsley 2030 vision and ambitions. The Strategy focuses on 5 themes which are aligned to regional and national themes, these are:

- **Health and Wellbeing** - To continue to reduce and suppress infection across the borough and to heal and restore the health and wellbeing of Barnsley people

- **Business Economy** - To ensure that the borough's communities and businesses positively move on from COVID-19. To protect jobs & keep people in work. To bring back public and investor confidence in our local economy, high streets and attractions.
- **Community Resilience** - Provide oversight and coordination of the recovery arrangements for communities and individuals adversely impacted by Covid19.
- **Education and Skills** - Safely return children and young people to early years settings, schools and post-16 learning
- **Infrastructure and the Environment** -To safely reinstate infrastructure and transport networks as soon as practicable and restore public confidence

These arrangements sit within the context of the Local Resilience Forum arrangements which themselves seek to coordinate a strong partnership recovery for the communities of South Yorkshire affected by the pandemic in the short, medium and long term.

Cabinet and Overview and Scrutiny have received regular updates and reports and great emphasis has also been placed on ensuring employee engagement and communication throughout; initially with daily and now bi-weekly emails.

The Council was responding and adhering to government guidance in response to the pandemic. Priorities were changed, some services were stood down and resources redeployed to focus on the need to distribute emergency food, essential services and welfare support to vulnerable residents and to provide financial support and guidance to local businesses and protect jobs in the Borough. This was facilitated by the introduction of the Deployment of Resources in Emergency Situations Guidance which allowed more flexibility around a number of our employment policies and agility across the workforce. The guidance was fully supported by the Trade Unions and we were one of the first Councils in the Yorkshire and Humber to develop this. The Council continues to encourage everyone to work from home where their role and personal facilities allow them to but it has to be noted that some buildings never closed such as our Lift buildings and depot. Since August we have supported employees to get back into the workplace if they are suffering with their mental health from being isolated or they do not have the right equipment or space to work from home.

Monitoring of staff absence has taken place on a daily basis throughout the pandemic supported by a Covid absence dashboard and a simplified reporting system. This allowed us to make informed decisions about resource deployment based on self-isolations, Covid absences and other sickness absence. As being seen nationally absence due to mental health has continued to

increase throughout the pandemic so we have put a number of new interventions in place supported through intelligence gathered through pulse surveys and a new programme is currently being commissioned for November implementation.

The Council has been conducting meetings and taking decisions in ways other than face to face so that lawful decisions can still be made to maintain good governance, principles of openness and accountability. The Council has adapted its approach by assessing which decisions need to be made quickly to deal with the pandemic and which can be delayed and re-scheduled. Virtual meetings now occur to ensure that transparency and good governance continues, and we are taking full advantage of the flexibilities that the Coronavirus Act 2020 gives us.

Members and the Senior Management Team have received regular updates regarding the financial impact of Coronavirus and work continues to plan for the impact on the Council's Medium-Term Financial Strategy.

The Council and the CCG's individual and joint response has been led through a command, control and co-ordination structure which variously includes single and multi-agency groups. Over time these have transitioned to focus on both response and recovery. The Council has a Recovery and Renewal Group consisting of Service Directors and Heads of Service from across the Council, with this reporting to the Council's strategic Gold group. Through multi-agency groups, the Council is also continuing to work with senior leaders within partner organisations including health and emergency services, the wider public sector and the voluntary sector.

An initial / interim review to identify lessons learnt from the initial response phase has been undertaken and this is currently being reviewed to produce a collated list of opportunities for improvement and recommendations. Going forward, the Council's recovery approach will include a full review of the impact of coronavirus, the lessons learnt, and the opportunities rebuild for the future.

14. Conclusion

This AGS demonstrates that the systems and processes the Council employs continue to provide a comprehensive level of assurance to the Council and the residents of the Borough in its governance arrangements during 2019/2020 and into 2020/21.

The governance arrangements outlined in the AGS have been applied throughout the year and up to the date of the approval of the Annual Accounts. The arrangements have provided an effective framework for identifying governance issues and taking mitigating action. The action plan demonstrates the culture of the Council to challenge itself and seek out opportunities to constantly improve.

Along with every organisation in the country, the Council has been significantly impacted by the Coronavirus pandemic. Changes have been made to decision-making arrangements and the conduct of meetings, as well as changes to the Council's priorities and programmes. It is recognised that the pandemic continues to provide challenges to the Council and will have longer-term implications for how services are delivered and the financial resources available to support that service delivery.

Additionally, over the coming year the Council will continue the operation of its Governance Framework and take steps to carry out the actions for improvements identified in the review to further strengthen the Council's governance arrangements.

DRAFT

Appendix 1 – Annual Governance Statement Action Plan 2020/21

Domain Area and /or Issue	Lead Officer(s)	Action Planned	Timescales
Risk Management – SRR and new risk management process	SD Finance / HoIA, AF & Ass.	Implement new risk management / governance assurance processes: <ul style="list-style-type: none"> • Further development and full implementation of the new Strategic Risk Register • Development and implementation of new approach to operational and project risk • Development of the wider governance assurance process across the Council to integrate with the new risk management approach 	30/11/2020 31/03/2021 31/03/2021
Risk Management – fraud risk assessment	SD Finance / HoIA, AF & Ass.	Develop and introduce a specific Fraud Risk Assessment process for use in all Business Units.	31/12/2020
Information Governance – Data Security		Continue work to minimise the number of data breaches and improve overall data security: <ul style="list-style-type: none"> • Phishing awareness exercises to be undertaken every 3 months • Develop phishing dashboard with BI – identify trends for follow up actions • Training plans - variety of courses, guides and articles plus targeted communications • Working with Workforce Development Team to reinforce IG security into PDR's, supervisions and team meetings • Monitoring of incidents data – SD's and HoS need to regularly monitor data so that they are aware of incidents in their BU's – IG to develop awareness sessions for all BU's using Power BI tools • Home working – data security training rolled out – SD's to reinforce that training is mandatory and ensure all their staff have completed it • Review processes and systems for account deletions, single access 	30/11/2020 31/12/2021 31/01/2021 31/10/2020

Domain Area and /or Issue	Lead Officer(s)	Action Planned	Timescales
		passwords and use of memory sticks	To be determined
Information Governance - FOI/SAR processes - Local Government and Social Care Ombudsman – Annual Letter		Review the corporate process for the management of complaints and requests under the Freedom of Information and Data Protection Acts and therefore address the issues identified in the LGSCO Annual Letter in relation to complaints management: <ul style="list-style-type: none"> • ‘Deep dive’ review into 6 case failings • Comprehensive review of complaint processes and procedures • Implementation of a new performance management system and development of Power BI performance dashboards • Delivery of statutory and corporate timescales for complaints management – improved communications, performance addressed at SMT and DMT meetings 	Completed 31/10/2020 31/10/2020 Continuous
Workforce / HR Management – PDR’s	SD – BI, HR & Comms	Review processes and guidance to ensure all staff to have received a PDR in the last 12 months: <ul style="list-style-type: none"> • Update Power BI reports to provide more up to date information for managers – to show stage each PDR is at if not completed • Develop guidance on 121’s and supervisions to prompt ongoing performance conversations – not just annual PDR • Full review/rebrand of performance appraisal process which will be aligned to new Council Plan, MTFS and Smart Working – linking PDR’s to business planning cycle • Address technical and reporting issues currently experienced – link to Success Factors 	Completed 30/11/2020 30/04/2021 30/09/2021
Performance Management and Data	SD – BI, HR & Comms	Continue to develop service standards and KPI’s with Business Units and ensure increased use Power BI tools/reports as a routine part of business	31/03/2021

Domain Area and /or Issue	Lead Officer(s)	Action Planned	Timescales
Quality		management:	
Legislative Compliance	SD – Gov & Bus. Support	Ensure awareness of role of Monitoring Officer given recent staff changes.	31/10/2020
Partnership, Relationship and Collaboration Governance	SD – Gov & Bus. Support	Review the governance arrangements and reporting requirements for partnerships and collaborations and develop a defined governance framework with a corporate lead for partnerships and collaborations.	31/03/2021
Equalities and Inclusion	SD – BI, HR & Comms	To ensure wide awareness and raise the profile of the equalities and inclusion agenda across the Council. <ul style="list-style-type: none"> Revised Equality/Inclusion statement put on Councils internet site Develop Religious Observance Guide – raise awareness Develop training offer – courses on BLM and Unconscious Bias Use Power BI dashboard to show completion of Equality/Inclusion training in BU's Research other LA's on Equality/Inclusion governance – benchmark Communications campaign to promote above Develop an Equality/Inclusion Action Plan 	Completed 31/10/2020 30/11/2020 30/11/2020 31/12/2020 31/12/2020 31/03/2021
Safeguarding	SD – CSC & Safeguarding / SD – ASC and Health	Review the need for Safeguarding Champions within Business Units and general refresher awareness. <ul style="list-style-type: none"> Appointment of Principal Social Worker Review of Safeguarding Champions across BMBC by Principal Social Worker 	31/01/2021 30/06/2021
Workforce/HR Management – Managing staff	SD – BI, HR & Comms	Ensure a more consistent approach across BU to managing staff absences: <ul style="list-style-type: none"> Development of a comprehensive absence dashboard on Power BI – to include real time absence triggers and detailed absence 	Completed

Domain Area and /or Issue	Lead Officer(s)	Action Planned	Timescales
absences		breakdowns for managers <ul style="list-style-type: none"> • Review of effectiveness of dashboard to be undertaken • Training sessions for managers in the use of the dashboard • Refresher sessions for managers on absence management • HR Business Partners to support Heads of Service with absence management – ensuring consistent approach and compliance with policy 	31/12/2020 31/12/2020 31/12/2020 Continuous
Ethical Standards and Conduct Management	SD – BI, HR & Comms	Review of the process to ensure full compliance with the completion of Declaration of Interests forms and for their subsequent availability and use.	31/03/2021

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Barnsley Metropolitan Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

<p>Covid-19</p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Council from March 2020. Given the impact of the pandemic only started from mid-March, additional costs have not had a major impact on the financial outturn for 2019-20, however, the scale of impact is being felt during 2020-21.</p> <p>There have been significant financial challenges as the Council responded to the COVID-19 pandemic through additional costs to support operational services, lost income through reduced trading activity and some cessation of services. In addition, council tax payments and business rates payments reduced as lock down started, businesses closed, and staff furloughed.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Practice on Local Authority Accounting, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 22 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VFM approach. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant both Council and audit staff have had to work remotely, including remotely accessing working papers and financial systems. In addition, meetings have been replaced by telephone and video conferencing arrangements which has also been extended to Council Committee meetings including the Audit Committee.</p> <p>We were provided with the Council's draft 2019-20 statement of accounts on 30 June 2020, ahead of the revised 31 August 2020 deadline.</p>
<p>Financial Statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the group and Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements including the Annual Governance Statement (AGS) and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely throughout July to October 2020. Our findings are summarised on the following pages. We have identified the following adjustment to the financial statements:</p> <ul style="list-style-type: none"> • Pension fund liability - an increase in the Council's pension fund liabilities of £6.4m resulting from the actual pension asset valuation not taking place at 31 March 2020 and as a result the pension asset valuation being reduced by 0.63% <p>It should be noted the above adjustment does not impact on the Council's General Fund or useable reserves position. Further details of the audit amendments are reported at Appendix C. We have also raised a small number of recommendations for management as a result of our audit work at Appendix A. Our follow up of recommendations from the prior year's audit are detailed at Appendix B.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the following outstanding matters:</p> <ul style="list-style-type: none"> • completing the remaining elements of our work on PPE, pension fund assets and liabilities, payables, receivables, payroll costs, financial instruments and the Group audit • assurance from the South Yorkshire Pension Fund auditor on the 2019-20 Pension Fund accounts. Until received, currently expected by late October 2020, we will be unable to complete our audit work and issue our audit opinion

Financial Statements continued

- completion of our internal quality review processes, including final reviews of the file by both the manager and engagement lead, specifically in respect of significant audit risks of PPE revaluations and the Pension Fund liability
- procedures for Whole of Government Accounts
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

We have concluded that the other information to be published with the financial statements, the Narrative Report and Annual Governance Statement, are consistent with our knowledge of your organisation and compliant with the CIPFA Code.

Our anticipated audit report opinion will be unqualified with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings as a direct impact of Covid-19. This is due to the Council's valuers reporting a material uncertainty in their valuation reports and also being reported in the Council's financial statements. This is a consistent finding across our local authority audits.

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Value for Money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').

We updated our VFM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. The VFM risks identified at the planning stage of our audit were the Council's financial standing and the Glasswork project's governance and risk management arrangements. We have not identified any new VFM risks in relation to Covid-19.

We have completed our risk based review of the Council's value for money arrangements. We have concluded that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We anticipate issuing an unqualified value for money conclusion, as detailed at Appendix E. Our findings are summarised on section three of this report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- To certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We have completed the majority of our work under the Code but will not be able to issue our completion certificate until we have completed our work on the Whole of Government consolidation pack.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

2. Financial statements - Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Council's business and is risk based, and in particular included:

- evaluation of the Council's internal controls environment, including its IT systems and controls
- evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of each component and to determine the planned audit response. From this evaluation we determined that a targeted approach was required as part of our audit of Berneslai Homes Limited (BHL) and Penistone Grammar Trust (PGT)
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have had to alter our original Audit Plan from January with an Audit Plan Addendum. The Addendum was as communicated to you on 22 April 2020, to reflect our response to the Covid-19 pandemic.

Conclusion

We have substantially completed our audit of your financial statements and subject to the outstanding queries being resolved, we anticipate issuing an unqualified audit opinion, including an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings as a direct impact of Covid-19. These outstanding items include:

- completing the remain elements of our work on PPE, pension fund assets and liabilities, payables and receivables, payroll costs, financial instruments and the Group audit
- assurance from the South Yorkshire Pension Fund auditor on the 2019-20 Pension Fund accounts. Until received, currently expected mid to late October 2020, we will be unable to complete our audit work and issue our audit opinion
- completion of our internal quality review processes, including final reviews of the file by both the senior manager and engagement lead, specifically in respect of significant audit risks of PPE revaluations and the Pension Fund liability
- procedures for Whole of Government Accounts
- reviewing the final version of the financial statements, Narrative Report and Annual Governance Statement
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our Audit Plan and Audit Plan Addendum.

Materiality area	Group Amount (£)	Council Amount (£)	Qualitative factors considered:
Materiality for the financial statements	8,443k	8,425k	Materiality has been based on 1.5% of the Authority's gross expenditure
Performance materiality	5,910k	5,898k	Our performance materiality has been set at 70% of our overall materiality
Trivial matters	422k	421k	This is set at 5% of financial statements materiality and reflects a level below which stakeholders are unlikely to be concerned by uncertainties.
Materiality for specific transactions, balances or disclosures	-	5k	The senior officer remuneration disclosure in the Statement of Accounts has been identified as an area requiring a lower materiality due to its sensitive nature.

Significant audit risks

Risks identified in our addendum to the Audit Plan (April 2020)

Auditor commentary

Covid- 19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to:

- remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation
- volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates
- financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen
- disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our work we:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts. We assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported.
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic
- evaluated whether sufficient audit evidence could be obtained through remote technology
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as asset and the pension fund liability valuations
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.

On the basis of our work, we concluded that our anticipated audit report opinion would be unqualified with an emphasis of matter relating to the material uncertainty around the valuation of land and buildings. It should be noted that this change to our opinion is a direct result of the impact of Covid-19. The reporting of a material uncertainty on the valuation of land and buildings is consistent across our local authority audits.

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
<p>The revenue cycle includes fraudulent transactions</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at Barnsley Metropolitan Borough Council, mean that all forms of fraud are seen as unacceptable. 	<p>We reviewed our rebuttal of this risk during the final accounts audit and concluded our assessment as detailed in the Audit Plan was still appropriate.</p> <p>As we did not consider this to be a significant risk for the Council, we did not undertake any specific work in this area other than our normal audit procedures, including validating total revenues to council tax, non domestic rates and central government grants income.</p>
<p>Management over-ride of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We have:</p> <ul style="list-style-type: none"> • evaluated the design effectiveness of management controls over journals • analysed the journals listing and determined the criteria for selecting high risk unusual journals • tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gained an understanding of the accounting estimates and critical judgements applied and made by management and considered their reasonableness with regard to corroborative evidence • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work has not identified any issues in respect of management override of controls.</p>

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Significant audit risks

Risks identified in our Audit Plan – January 2020 and April 2020

Auditor commentary

Valuation of land and buildings

The Council revalues its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (c£302 million) and the sensitivity of this estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.

Update April 2020: The covid-19 pandemic has resulted in volatility of financial and property markets. This will increase the uncertainty of assumptions applied by management to asset valuations.

We therefore identified valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.

As part of our audit work, we have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's valuation of land and buildings are not materially misstated and evaluated the design of the associated controls
- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed with the valuer the basis on which the valuation was carried out
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, included checking that the floor areas used are consistent with other records.
- in a new development for 2019-20, engaged our own valuer to assess the instructions to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation
- tested revaluations made during the year to see if they had been input correctly into the Council's asset register in line with Code guidance.
- evaluated the assumptions made by management for those assets not revalued during the year and how management had satisfied themselves that these were not materially different to current value at year end
- evaluated whether sufficient audit evidence can be obtained due to Covid-19 impact to corroborate significant management estimates around land and buildings.

Whilst our audit work remains on-going, our audit work to date has not identified any issues in respect of the valuation of land and buildings, except for the following matter:

The Council's valuation specialist has included a material valuation uncertainty paragraph as a result of Covid-19 in the valuation reports. This is also reported in critical judgements and estimations made within the financial statements. In this section, there is a specific Covid-19 uncertainty capturing the material uncertainty in the 'critical judgements and assumptions' sections of the financial statements. Therefore, we consider it appropriate to include an emphasis of matter in our audit opinion relating to this material uncertainty. It is important to note that this is a national issue, applying to local authorities with material land and building asset bases.

Significant audit risks

Risks identified in our Audit Plan (January 2020)

Auditor commentary

Valuation of pension fund net liability

The group's pension fund net liability, as reflected in the group balance sheet as the retirement benefit obligations, represents a significant estimate in the financial statements and group accounts.

The group's pension fund net liability is considered a significant estimate due to the size of the numbers involved (PY: £482m in the group balance sheet) and the sensitivity of the estimate to changes in key assumptions.

£482m net liability is derived both the Council's single entity liability of £450m and BHL liability of £32m.

Update July 2020: According draft accounts presented for audit 31 March 2020 net liability for the group was £434m, which is from both the Council's single entity liability of £402m and BHL liability of £32m

We therefore identified valuation of the group and Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement

As part of our work, we have:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report
- obtained assurances from the auditor of the South Yorkshire Pension Fund (SYPF) as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. [currently awaited]
- carried out meetings with the actuary to further understand the impact of the McCloud and Goodwin judgements on the pension fund liability, and clarifying our understanding on experience gains and losses calculation.

Our audit work on the valuation of the pension fund net liability remains on-going. Our audit work to date has identified;

- the figures provided on investment return in the actuary reports were based on asset valuations as at 31 January 2020. As part of the SYPF final accounts process, it has now revised the investment return percentage based on the final fund valuation per SYPF accounts as at 31 March 2020. This takes account of market movements in some investments from January to March 2020. This exercise has resulted a decrease in investment return of 0.63% which in turn has an overall impact of increasing the net pension liability by £6.4m. Management has agreed to amend the revised accounts for this matter.
- further to our discussions with the Council's actuary, we have obtained confirmation that the actuary had already made allowances in terms of the impact on the McCloud judgement on their 31 March 2020 actuary report. In terms of Goodwin judgement (an pensions discriminatory legal case), the actuary has confirmed the maximum impact would be a c0.1% increase of the pension liability which amounts to less c£1m. This is well below our materiality and performance materiality levels and we have not requested any adjustment to the financial statements.

As a result of the pension fund balance being a significant audit risk, we need to be satisfied that we have sufficient and appropriate audit evidence over these material entries. As such, we will need to closely consider the updated information that we receive from the Pension Fund. We also need to review the contents of the assurance from the auditors of the SYPF audit. We are expecting to receive this from the SYPF auditors by the end of October. Should the pension fund auditor's report refer to a material uncertainty on pension fund valuations due to Covid-19, we will need to consider the impact on the Council's accounts and our audit opinion. Our discussions to date with the pension fund auditor has indicated that they are not anticipating to report any material uncertainty on pension fund valuations due to Covid-19.

Significant findings arising from the group audit

Component	Work performed and findings	Group audit impact
Berneslai Homes Limited (BHL)	<p>We adopted a targeted approach of the material balances and transactions of BHL financial statements for year ended 31 March 2020.</p> <ul style="list-style-type: none"> • Our audit approach included obtaining sufficient assurances based on group materiality over any material balances and transactions of BHL outside the group boundary based on group materiality. This included the BHL pension fund liability, operating expenditure and short term investments. • Our work to date has not identified any material issues that require reporting to you. • We completed a review of the group consolidation process and no issues were identified that need reporting to you. 	<p>Our audit work is complete except for:</p> <ul style="list-style-type: none"> • Receipt of satisfactory evidence for the operating expenditure sample <p>Subject to the satisfactory resolution of the outstanding information above, there are no issues to report from the consolidation BHL into the Council's group accounts.</p>
Widstone Grammar School (PGT)	<p>We adopted a targeted approach of the material balances and transactions of PGT's financial statements for year ended 31 March 2020.</p> <ul style="list-style-type: none"> • Our audit approach included obtaining sufficient assurances based on group materiality, over any material balances and transactions of PGT outside the group boundary. This included the PGT land and buildings and endowment funds balances. • Our work to date has not identified any material issues that require reporting to you. • We completed a review of the group consolidation process and no issues identified that need reporting to you. 	<p>Our audit work is complete except for:</p> <ul style="list-style-type: none"> • Clarification around the classification of endowment fund balances <p>Subject to the satisfactory resolution of the outstanding information above, there are no issues to report from the consolidation PGT into the Council's group accounts.</p>

Significant findings – key estimates and judgements


Accounting area	Summary of management’s policy	Auditor commentary	Assessment
Land and Buildings – Council Housing - £580.429m	<p>The Council is required to revalue its Council housing in accordance with DCLG’s Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council has engaged its valuer to complete the valuation of these properties. The valuation was at 31 March 2020 and valued Council Housing at £580.4m, a net increase of £15.8m from 2018-19 (£564.6m).</p> <p>The Council’s valuation specialist has included a material valuation uncertainty paragraph as a result of Covid-19 in their valuation reports. This is also reported in critical judgements, estimations made within the financial statements.</p>	<ul style="list-style-type: none"> • The Council’s RICS qualified valuer valued the entire housing stock using the beacon methodology, in which a detailed valuation of representative property types was then applied to similar properties. • Our work indicated that this methodology was applied correctly during 2019-20 valuation. • There has been an increase in the housing stock valuation of £15.8m during the year (2.8%). • We have compared the valuation movements with the Gerald Eve (valuation specialists) report and held discussions with our own valuation expert. These discussions are still on going. We have also challenged the Council’s valuation specialist on valuation differences identified through our sensitivity analysis work using other relevant indices. These discussions remain on-going and we intend make our conclusions before we issue the audit opinion. • The Council’s valuation specialist has included a material valuation uncertainty paragraph as a result of Covid-19 in the valuation reports. This is also reported in the financial statements. Therefore, we are proposing to include an emphasis of matter paragraph on this issue in our audit opinion • We have assessed the Council’s valuer, to be competent, capable and objective in carrying out the valuations • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report • We have agreed the HRA valuation report to the Statement of Accounts and we can confirm that HRA valuation report balance has being correctly accounted for in the financial statements. • Overall this key estimate of valuation includes a material uncertainty as at 31 March 2020 and we concur with that conclusion. As such, we will be reporting this within our audit opinion (as noted at Appendix E). 	<p style="text-align: center;">● Green</p>

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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated (red)
- We consider the estimate is unlikely to be materially misstated however management’s estimation process contains assumptions we consider optimistic (amber)
- We consider management’s process is appropriate and key assumptions are neither optimistic or cautious (green)

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – Other - £301.6m	<p>Other land and buildings comprises £153.8m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings (£147.8 m) are not specialised in nature (such as car parks) and are required to be valued at existing use in value (EUV) at year end.</p> <p>The Council has engaged its in-house RICS qualified valuer to complete the valuation of properties on a five yearly cyclical basis as permitted by Code of Practice on Local Authority Accounting. Approximately 80% of total other land and buildings assets (by gross value) were revalued during 2019-20.</p> <p>The Council's valuation specialist has included a material valuation uncertainty paragraph as a result of Covid-19 in the valuation reports. This is also reported in critical judgements, estimations made within the financial statements.</p> <p>Management has also considered the year end value of non-revalued properties of 100 larger value land and buildings and has included these in 2019-20 valuation process to gain a higher coverage of valuations.</p> <p>The total year end valuation of Other land and buildings was £301.6m.</p>	<ul style="list-style-type: none"> • We have assessed the Council's in-house valuer, to be competent, capable and objective • We have carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate, including floor areas and have no issues to report • The valuation methods remain consistent with the prior year • In relation to assets not revalued in the year, we have compared the Gerald Eve (valuation specialists) report and held discussions with our own valuation expert. These discussions are still on going. We have also challenged the Council's valuation specialist on valuation differences identified through our sensitivity analysis work using other indices. These discussions are still on-going and we intend make our conclusions before we issue the audit opinion. • The Council's valuation specialist has included a material valuation uncertainty paragraph as a result of Covid-19 in the valuation reports. This is also reported in the financial statements. Therefore, we are proposing to include an emphasis of matter paragraph on this issue in our audit opinion • Overall this key estimate of valuation includes a material uncertainty as at 31 March 2020 and we concur with that conclusion. 	 Green

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment																								
Net pension liability (group) – £434 m	<p>Per the draft accounts, the group's net pension liability at 31 March 2020 is £434m (PY £484m) comprising the South Yorkshire Local Government Pension Scheme.</p> <p>This includes Council's single entity liability of £402m and BHL liability of £32m as at 31 March 2020.</p> <p>The Council uses Mercers to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed at 31 March 2019, utilising key assumptions such as life expectancy, discount rates, salary growth and investment returns.</p> <p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £50m net actuarial gain during 2019-20.</p>	<ul style="list-style-type: none"> We have assessed the Council's actuary, Mercers, to be competent, capable and objective We have performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2019-20 roll forward calculation carried out by the actuary and have no issues to raise. We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions: 																									
			<table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC comments</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.3% - 2.4%</td> <td>Assumption appears reasonable</td> <td>● Green</td> </tr> <tr> <td>Pension increase rate</td> <td>2.1%</td> <td>Assumption appears reasonable and methodology appropriate.</td> <td>● Green</td> </tr> <tr> <td>Salary growth</td> <td>1.25% - 1.5% above CPI</td> <td>In line with 2019 valuation.</td> <td>● Green</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>Pensioners: 22.4 Non-pensioners: 23.9</td> <td>Overall mortality assumptions appear reasonable.</td> <td>● Green</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>Pensioners: 25.2 Non-pensioners: 27.1</td> <td>Overall mortality assumptions appear reasonable.</td> <td>● Green</td> </tr> </tbody> </table>	Assumption	Actuary Value	PwC comments	Assessment	Discount rate	2.3% - 2.4%	Assumption appears reasonable	● Green	Pension increase rate	2.1%	Assumption appears reasonable and methodology appropriate.	● Green	Salary growth	1.25% - 1.5% above CPI	In line with 2019 valuation.	● Green	Life expectancy – Males currently aged 45 / 65	Pensioners: 22.4 Non-pensioners: 23.9	Overall mortality assumptions appear reasonable.	● Green	Life expectancy – Females currently aged 45 / 65	Pensioners: 25.2 Non-pensioners: 27.1	Overall mortality assumptions appear reasonable.	● Green
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		<ul style="list-style-type: none"> We have confirmed the controls and processes over the completeness and accuracy of the underlying information used to determine the estimate We have confirmed there were no significant changes in 2019-20 to the valuation method Reasonableness of estimate – following the estimate of asset values from 31 January to the actual outturn at 31 March 2020, the Council has agreed to revise its valuation estimate and increase the pension liability by £6.4m. 																									

Our work in this area is still in progress, including the assurance from the Pension Fund auditor as indicated at page 9.

Significant findings – Going Concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Management has an established process in place and prepare a detailed budget each year which is approved by Members. The budget is developed based on a number of assumptions including funding from Government, savings required to be delivered and the pressures facing the Council. To ensure effective management, the budget is broken down by service area and routinely monitored on a monthly basis with performance reported to Cabinet. Cash flow is also routinely monitored as part of the Council's treasury management arrangements.

The Council has in place a three year Medium Term Financial Strategy 2021-22 – 2023-24 to allow it to effectively plan its finances ahead and ensure it is able to effectively manage its financial position. The updated MTFs was approved by Cabinet in September 2020 and incorporates the impact of Covid-19.

In assessing its going concern position, management look ahead twelve months from its reporting date and have regard to its future cash flow position including whether current spending is in accordance with budget.

Auditor commentary

- Following its review of going concern, management has concluded it remains a going concern and it is appropriate to continue to prepare its accounts on a going concern basis.
- The Council has a track record of delivering its budget. It delivered the 2019-20 budget with an operational underspend of £6.9m, split between an underspend on services of £6m and underspend on corporate budgets of £0.9m. The Council's general fund reserves increased by £3.8m in year from £130.1m to £133.9m as at 31 March 2020.
- The budget setting processes to prepare the annual budget and the monitoring arrangements in place are considered appropriate and adequate
- The Chief Financial Officer (S151 Officer) and Head of Financial Services (Corporate) routinely monitor the Council's financial position and report regularly to Members
- The Covid-19 pandemic has had a considerable impact on the Council from March 2020. Whilst the additional costs have not had a significant impact on the financial outturn for 2019-20 given the pandemic started to impact from mid-March, the scale of impact is being felt during 2020-21. There have been significant financial challenges as the Council responded to the COVID-19 pandemic through additional costs to support operational services and lost income through reduced trading activities.
- The Council's Covid-19 Financial Recovery Strategy comprises of two phases. Phase 1 deals with the emergency response and short-term recovery for 2020-21. Phase 2 is longer term recovery and sustainability for 2021-22 and beyond. At the start of the pandemic, the Council took immediate action introducing a freeze on non-essential expenditure, placing investments on hold including non-essential capital and revenue expenditure. These proactive decisions amounted to c£28.5m. The Cabinet has also approved £1.9m from strategic reserves to support broader recovery of Council services.
- In the Council's Q1 budget monitoring report for 2020-21, it estimated a net overall impact of Covid-19 for 2020-21 to be £15.7m. Discussions with the S151 Officer at the date of this report noted that this figure is now c£17m and could increase further depending on possible further restrictions or lockdown. The Council has a plan to mitigate this impact via a variety of measures, including a moratorium on non-essential spending, 'business as usual' underspends, placing elements of the investment programme on hold, and also by having the ability to draw on specific reserves.

Significant findings – going concern

Going concern commentary

Work performed

We considered management's going concern assessment including the assumptions used and consideration of its Medium Term Financial Strategy.

Auditor commentary

- Council's closing reserve position of £133.8m includes £20m set aside for contingency for unseen events. This contingency was increased by £5m after the Covid-19 pandemic started in mid March 2020. This helps to provide some mitigation against the financial challenges posed by Covid-19.
- The government has provided some financial support to help the Council through the pandemic. To date the Council has received £22.5m in government funding. Further support has also been announced for lost income from fees and charges. The Council has submitted a claim to MHCLG of £1.9m for the period to July 20 and is currently awaiting payment which is due by the end of October.
- Considering the phase one recovery measures taken, emergency funding available and relatively healthy general fund reserves position, the Council is in a stronger position than many other LG bodies to deal with the financial challenges posed by the pandemic
- The MTFS 2021-24, approved by the Cabinet during September, incorporates efficiencies of £7.1m for 2021-22, £3.3m for 2022-23 and £2.5m for 2023-24. There are detailed breakdowns of these efficiency targets formulated in the MTFS
- Our work confirmed management's arrangements for assessing going concern are adequate and management's use of the going concern basis of preparation is reasonable
- We have not identified any material uncertainties that may cast significant doubt on the Authority's ability to continue as a going concern for the foreseeable future.

Concluding comments

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

- the Services Director for Finance, Chief Financial Officer use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Services Director for Finance, Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Council's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We are satisfied with management's assessment that the going concern basis is appropriate for the 2019-20 financial statements.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have discussed the risk of fraud with the Chief Financial Officer (s151) and Head of Financial Services (Corporate) and have also written to the Chair of the Audit Committee. We have not been made aware of any material incidents in the year and no other issues have been identified during the course of our audit.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed based on our work undertaken to date.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
ten representations	A letter of representation has been requested from the Council which is included as a separate agenda item in the Audit Committee papers.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Council's banks. This permission was granted and the confirmation has been received.
Disclosures	<p>Our review found no material omissions in the financial statements to date. Our work did identify a small number of presentational disclosure amendments which have been processed by management and these are set out at Appendix B.</p> <p>There is one adjusted misstatement which is reported at Appendix B. There are no unadjusted errors or misstatements.</p>
Audit evidence and explanations / significant difficulties	<p>All information and explanations requested from management was provided.</p> <p>Given some element of remote / home working is likely to still be in place for the 2020-21 audit, we will be discussing with the finance team how we can continue to work together to mitigate any remote working challenges next year.</p> <p>We would like to record our thanks to the finance team in providing the information requested despite the challenges of remote working resulting from Covid-19.</p>

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our review of the AGS identified a small number of areas for enhanced disclosure. The Council has accepted our findings on the AGS and a revised version is due to be presented to the Audit Committee on 28 October 2020.</p> <p>Our review of the Narrative Report also identified some areas for enhanced disclosure. The Council has agreed to update its Narrative Report to take into account our comments.</p> <p>Subject to satisfactory receipt and review of the revised AGS and Narrative Report taking into account our comments, we plan to issue an unmodified opinion in this respect – please see our proposed audit opinion at Appendix E.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>Following the expected updating of the AGS referred to above, we have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold, we will be required to examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. This work has not yet commenced and will be completed once all other audit work has been concluded.</p>
Certification of the closure of the audit	<p>As a result of the need to complete the WGA work noted above, we do not expect to be able to certify the completion of the 2019-20 audit of the Council in our auditor's report, as detailed at Appendix E.</p> <p>This is in common with a number of local authorities where certification on closure of the audit takes place following completion of the WGA review in December 2020.</p>

3. Value for Money

Background to our VFM approach

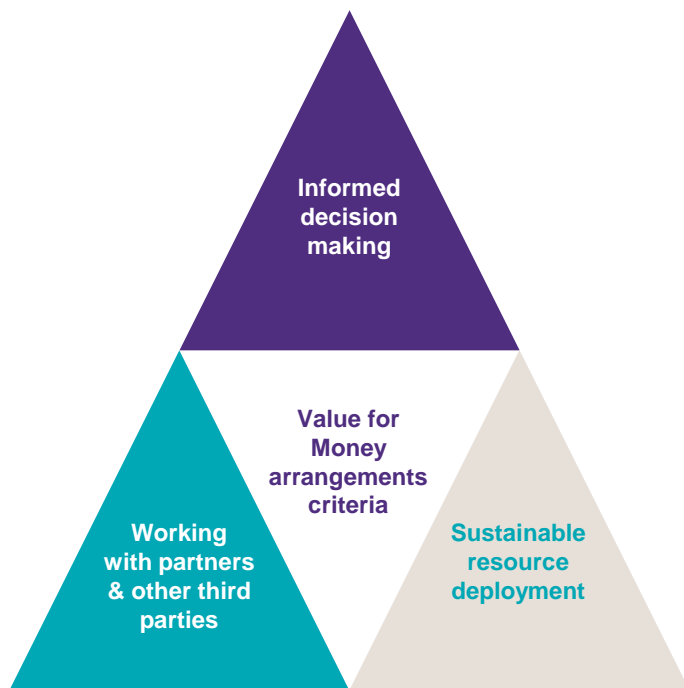
We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:

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Risk assessment

We carried out an initial risk assessment in January 2020 and identified two significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan in January 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

1. **Financial standing** – the Authority as other authorities, continues to operate under significant financial pressures and achieving the set budget is considered as a key risk.
2. **Glassworks project** - This scheme is one of the largest capital projects ever undertaken by the Council. As part of our Value for Money arrangements work we will continue to consider the Council's arrangements in place in relation to Glassworks project, specifically considering the continuing governance and risk management arrangements during the final phases of this project.

have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 20 to 23.

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk as per our Audit Plan**(January 2020)****Financial Standing**

The Authority achieved its 2018-19 budget with an overall underspend of £7.5m after utilisation of £5.8m general fund reserves. As a result, the general fund reserves reduced from £135.8m to £130m as at 31 March 2019.

For 2019-20, the Council is planning to deliver a balanced outturn position but to achieve this, needs to deliver savings of some £5.8m whilst continuing to manage cost and demand pressures within Children's Services, Adult Social care and other vital services for the local population.

Minutes 6 (September 2019) latest financial reporting to the Cabinet indicates the majority of savings plans are on track to be delivered. As at Minutes 6, the Council is projecting an overall general fund revenue underspend of £4.329m for 2019-20. However, there are continuing service demands and challenges to overcome in the second half of the year to deliver a balanced budget and achieve the savings targets for 2019-20.

We will continue to monitor the Authority's financial position through regular meetings with senior management and consider how the Authority manages its budget and savings plans.

Findings

- At end of 2019-20, the Council delivered an overall operational underspend position of £6.9m, split between services of £6m and corporate budgets of £0.9m. The reported position was consistent with December's M9 forecast. As result, £1.9m of this underspend was earmarked to the Covid-19 recovery strategy and the other £5m being earmarked to increase the Council's minimum working balance in the general fund which increased from £15m to £20m.
- The final position on the HRA was an operational underspend of £2.3m. This position was predominantly as a result of an overachievement of rental and other income of £1.9m together with underspends in repairs and maintenance costs of £0.4m. It was recommended that £0.6m of this balance to be used to support the recovery from COVID 19 with the remaining balance (£1.8m) being used to increase the Minimum Working Balance of the HRA.
- The Council also delivered the 2019-20 £5.8m savings requirement in full. Overall, the Council's general fund increased by £3.8m in year from £130.1m to £133.9m as at 31 March 2020.
- In common with all local authorities, as a result of the Covid-19 pandemic, 2020-21 is going to be a very challenging financial year.
- The Covid-19 pandemic has placed a significant strain on the 2020-21 revenue budget of £172.5m which includes savings targets of £7.4m. The Council is currently reporting an overall projected General Fund revenue overspend for 2020-21 of £33.5m before Covid funding.
- In the Council's Q1 budget monitoring report for 2020-21, it estimated a net overall impact of Covid-19 for 2020-21 to be £15.7m. Discussions with the S151 Officer at the date of this report noted that this figure is now c£17m and could increase further depending on possible further restrictions or lockdown. The Council has a plan to mitigate this impact via a variety of measures, including a moratorium on non-essential spending, 'business as usual' underspends, placing elements of the investment programme on hold, and also by having the ability to draw on specific reserves.

Conclusion

The Council operates under significant financial pressures, however, it continues to have effective arrangements in place to routinely monitor its budget and take appropriate action to mitigate against any significant variances or additional calls on resources.

Whilst the Council has a savings target for 2020-21 of £7.4m, it has a good record of delivering the savings required and considers the savings targets are achievable.

The impact of Covid-19 for 2019-20 was limited given its impact commenced during March 2020. The impact for 2020-21 has been estimated by the Council at £15.7m after central government grant funding of £22.5m.

The impact of Covid-19 has had a significant impact on the Council from mid March 2020, with additional costs to support operational services, lost income, and implications of potential reduced council tax and business rates payments.

The Council continues to effectively manage its financial position and is dealing with the impact of Covid-19. The Council has not had to contemplate an emergency budget to offset the impact of Covid and has plans in place to deal with the expected cost of Covid.

We therefore concluded that there are appropriate arrangements in place for sustainable resource deployment. This supports our proposed 'clean' unqualified VFM conclusion.

Value for Money

Significant risk	Findings (continued)	Conclusion
Financial Standing - continued	<ul style="list-style-type: none"> <li data-bbox="520 289 1612 404">• The Council is currently forecasting the additional costs arising as a result of Covid-19 will be in the region of £22m. This includes providing additional support to the social care market, supporting the most vulnerable in society, maintaining social distancing, providing personal protective equipment as well as the increased cost of delivering front line services. <li data-bbox="520 425 1612 511">• In addition to increased expenditure, a shortfall in income in the region of £18m is expected during 2020-21. This includes lost income from fees and charges totalling £8m, £4m in Council tax, £2m in business rates and £3m in housing rents, and other items of £1m. <li data-bbox="520 532 1612 561">• Therefore this gives a combined impact of Covid-19 of c£40m on the Council. <li data-bbox="520 582 1612 696">• Government has provided some financial support and to date, the Council has received £22.5m in funding. Further support has been announced for lost income from fees and charges, though details are yet to be announced. The Council has submitted a claim to MHCLG of £1.9m for the period to July 2020 and is currently awaiting payment which is due by the end of October. <li data-bbox="520 718 1612 803">• The Council has an agreed Covid-19 Financial Recovery Strategy comprising of two phases. Phase 1 deals with the emergency response and short-term recovery for 2020-21. Phase 2 is longer term recovery and sustainability for 2021-22 and beyond. <li data-bbox="520 825 1612 938">• The recently updated MTFS covers the period 2021-24 and was approved by the Cabinet in September. It highlights the need for savings efficiencies of £7.1m for 2021-22, with a further £3.3m in 2022-23 and £2.5m in 2023-24. There are detailed breakdowns of these efficiency targets. 	See page 20

Significant risk per our Audit Plan (January 2020)	Findings	Conclusion
<p>Glassworks Project</p> <p>This scheme is one of the largest capital projects ever undertaken by the Council and set to be completed by summer of 2021. The project represents a significant financial investment with an estimated total cost of c£200m.</p> <p>Given the significance of the development to the Council's regeneration objectives, financial commitments, borrowings, the governance and risk management arrangements, the capital project will continue to be a key area of focus for our 2020 VFM review.</p> <p>As part of our Value for Money arrangements work we will continue to consider the Council's arrangements in place in relation to Glassworks project, specifically considering the continuing governance and risk management arrangements during the final phases of this project</p>	<p>Our continuing focus in this area was around governance and risk management arrangements in place to secure economy, efficiency and effectiveness in Council's use of resources in the phase 2 of this key capital project . Our findings were as follows:</p> <p>2019-20 arrangements:</p> <ul style="list-style-type: none"> The Glassworks Project Board forms the key governance and risk management framework for this project. The Council continues to conduct Project Board Meetings on a monthly basis. They are attended by very senior officers of the Council including relevant executive and service directors from Place and Core service Directorates. It is also attended by the developers and project management companies. Therefore it is attended by key stakeholders of this project. There is a clear agenda with items covering the risk register, progress report, which in turn covers key issues and risks for phase 2, client issues raised by the developer and project managers, latest leasing updates and challenges to leasing. It also includes financial updates comparing budgets and actual outturn. The minutes are taken for each meeting and followed up in the next meeting. This process has continued throughout 2019-20. There is also a monthly progress report produced by the contractor and project management company which covers progress from the previous report and is issued monthly to the Council for discussion in Project Board meetings. The report covers key performance indicator review, health and safety matters, key risks to the project including a separate risk register, construction progress and a leasing update. SMT, Cabinet and the Scrutiny Committee all receive regular updates on the progress and ongoing challenges of the project. Our work notes that a new agenda item has been added since global Covid-19 pandemic started and Covid-19 impact has been discussed at each monthly meeting since middle of March 2020. The monthly Project Board meetings and progress reports have continued since the pandemic started in March 2020. We also reviewed the work undertaken by Council's internal auditors around governance and risk management arrangements of phase 2 of the Glasswork project. The findings were reported to the Audit Committee in December 2019. The overall conclusion was the governance arrangements in place were fit for purpose with some recommendations arising. Our discussions with management and internal audit has highlighted the recommendations have been implemented by early part of 2020. <p>Post-Covid-19 situation:</p> <ul style="list-style-type: none"> It is important to note that our responsibilities under the Audit Code, in order to issue our 2019-20 VFM conclusion, are to consider the adequacy of the Council's arrangements in place up to 31 March 2020. However, given the impact of the Covid pandemic from mid-March, and the potential implications that has for the Glassworks project, we have continued to discuss the scheme and consider updated reports on the project post 31 March. The Cabinet was updated in April 2020 on the expected impact of Covid19 on the Glasswork project including the delay in completing the project due to the impact of the lockdown on construction. The project is now expected to be completed in November 2021 compared to the original planned completion date of June 2021, subject to no further substantial impact on construction from the second wave of the pandemic. 	<p>The Council continues to have adequate governance and risk management arrangements in place for the Glasswork project during 2019-20.</p> <p>As such, we are proposing an unqualified 'clean' VFM conclusion in respect of the arrangements in place regarding the Glassworks.</p> <p>Although we have not noted any specific areas for concerns around governance and risk management of this project in 2019-20, the impact of Covid-19 could be significant on the future of the project.</p> <p>Given the prevailing economic climate, capital investment involved, uncertainty around leasing agreements, and the significance of the project for the Council, it is important that strong governance and financial controls are maintained and continued in relation to the Glassworks project.</p> <p>The Council should ensure the Audit Committee continues to be kept up to date with governance, financial health and overall arrangements in place for the project and the actions to mitigate any risks.</p>

Significant risk per our Audit Plan (January 2020)	Findings	Conclusion
Glassworks Project	<ul style="list-style-type: none"> The April 2020 Cabinet report highlighted that Covid-19 is expected to have a real impact on the Glassworks project. For example, a number of food and retail businesses who were experiencing financial challenges prior to Covid have now gone into administration. Businesses that lease units in retail sites are focussing on their existing business and seeking payment holidays and rent reductions. There is also the risk in respect of people's changing consumer behaviours towards retail as a result of the lockdown and increased use of on-line shopping for food and other consumer products. This creates a very challenging financial environment for the Glassworks project. Queensbury (the Council's Development Manager for the project) have performed a review of the future leasing strategy of the Glassworks to reflect the long-term impact of Covid on the scheme. The report confirmed the challenging environment noted in the bullet point above. We note the Council took the decision to deliver the Glassworks project as a key strategic objective to regenerate the town centre. Our discussions with senior management note that all key anchor tenants remain in place, with no cancellations from those organisations who were signed up to the development prior to Covid. In addition, from a financial perspective, the Council's MTFS has been updated to try to remove any reliance on income from the project. So this significantly de-risks the financial implications arising from the project. The Council remains committed to the Glassworks project as the key project to regenerate and reinvigorate the town centre. Given the current economic climate it will be important for the Council to ensure governance and financial risks continue to be closely monitored. Regular reporting to Cabinet and all Members should also be maintained. 	

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are included at Appendix D.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified.

	Fees £	Threats identified	Safeguards
Audit related:			
Page 64 Certification of Housing Benefits Subsidy return	*19,000 base fee	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £19,000 base fee in comparison to the total fee for the audit of £125,568 and in particular relative to Grant Thornton UK LLP's turnover overall. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers' Pension Return	6,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £6,000 base fee in comparison to the total fee for the audit of £125,568 and in particular relative to Grant Thornton UK LLP's turnover overall. These factors all mitigate the perceived self-interest threat to an acceptable level.
Pooling of Housing Capital Receipts	4,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £4,000 base fee in comparison to the total fee for the audit of £125,568 and in particular relative to Grant Thornton UK LLP's turnover overall. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
None	-	-	-

NOTE:

* The £19,000 is the base fee for Housing Benefit Subsidy certification plus for each 40+ testing undertaken:

£2,200 – where the work is completed by the Council

£4,200 – where the work is undertaken by Grant Thornton

Appendix A: Action Plan

We have identified the following recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020-21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>●</p> <p>High</p>	<p>1. Reporting of Strategic Risk Register:</p> <p>During 2019-20, the Council was in the process of updating its risk management arrangements. We understand various consultations were undertaken with SMT and the Members on how this should be developed, managed and reported.</p> <p>The outcome of this process will be an updated Strategic Risk Register (SRR) for monitoring and reporting the Council's risks.</p> <p>As a result of this process, during 2019-20 there were no regular SRR updates to Members and the Audit Committee. We understand the revised SRR was finalised in September 2020.</p> <p>We understand from our wider work and knowledge during 2019-20, the Council has managed its key risks, for example in terms of how it has responded to the Covid pandemic. However, the SRR plays a central part of the governance and risk management arrangements of the Council, as such it should to be monitored, updated and reported to Members on a regular basis.</p>	<p>The Council should ensure it manages, updates and reports its Strategic Risk Register to the Audit Committee on a regular basis.</p> <p>Management response:</p> <p><i>Agreed. Regular updates on the Strategic Risk Register will be reported to SMT, Audit Committee and Cabinet as part of the Council's quarterly performance management framework.</i></p>
<p>●</p> <p>Medium</p>	<p>2. Publication of the draft Annual Governance Statement alongside the draft Statement of Accounts:</p> <p>Under regulation 15(2)(a) of the Accounts and Audit Regulations 2015, there is a requirement to publish the Narrative Report and the draft Annual Governance Statement (AGS) alongside the draft Statement of Accounts.</p> <p>The Council published its draft Statement of Accounts and the Narrative Report on 30 June 2020. However, the draft AGS was not published at this time and was not placed on the Council's internet site until 14 October 2020.</p>	<p>In future years, the Council should publish its draft Annual Governance Statement alongside the draft Statement of Accounts and Narrative Report as required by the Accounts and Audit Regulations.</p> <p>Management response:</p> <p><i>Agreed. The draft AGS will be submitted to SMT & Audit Committee and published at the same time as the draft annual accounts in future years.</i></p>

Appendix A: Action Plan

Assessment	Issue and risk	Recommendations
<p style="text-align: center;">●</p> <p style="text-align: center;">High</p>	<p>3. Financial impact on Covid-19, budget monitoring 2020-21 and beyond:</p> <p>There have been significant financial challenges as the Council responded to the Covid-19 pandemic through additional costs to support operational services and lost income through reduced activities. In the Q1 budget monitoring report for 2020-21, the Council is already estimating a net overall impact of Covid-19 for 2020-21 to be £15.7m, after government funding.</p> <p>In addition, council tax and business rates income have reduced as lock down started, businesses closed, and staff furloughed. This is expected to continue during 2020-21 and beyond.</p>	<p>We recommend the Council continues to update its budget setting and budget projections as the challenges and impact from Covid develop. Officers should continue to report in a regular and transparent manner to Members in terms of any corrective actions required in delivering the budget, the impact of Covid on costs and income, achieving the required savings and in terms of liaising with MHCLG and the government.</p> <p>Management response:</p> <p><i>Agreed. Robust procedures are already in place to track the financial impact of the COVID 19 response and recovery effort. This is monitored daily and reported to SMT on weekly basis with periodic updates provided to Cabinet as part of the quarterly performance management cycle. A mitigation [financial recovery] plan is also in place to safeguard the Council's financial standing.</i></p> <p><i>Any known ongoing impacts have been factored into the Council's updated Medium-Term Financial Strategy and budget 21/22 budget proposition. This will be reported to SMT, Audit Committee and Cabinet as part of established budgetary procedures.</i></p> <p><i>The Council also continues to lobby Government for a needs based and sustainable funding package for the sector.</i></p>
<p style="text-align: center;">●</p> <p style="text-align: center;">Medium</p>	<p>4. Glassworks Development Project:</p> <p>Our continuing value for money review in this area has indicated the Council continues to have appropriate arrangements in place for informed decision making around the Glass Works development Project in 2019-20.</p> <p>However, continuation of the existing governance arrangements in relation to this project, including appropriate reporting to Members and key stakeholders until the completion of the project remains paramount. This is particularly the case given the prevailing economic climate for city centre retail sites in a Covid world.</p>	<p>Although we have not noted any specific areas for concerns around governance and risk management of this project in 2019-20, the impact of Covid-19 could be significant on the future of the project. Given the prevailing economic climate, capital investment involved, uncertainty around leasing agreements, and the significance of the project for the Council, it is important that strong governance and financial controls are maintained and continued in relation to the Glassworks project.</p> <p>The Council should ensure the Audit Committee continues to be kept up to date with governance, financial health and overall arrangements in place for the project and the actions to mitigate any risks.</p> <p>Management response, responsible officer and implementation date:</p> <p><i>Agreed. The Board will continue its robust governance of the overall glass works programme with risks and issues continually tracked and updated in response to what is a fluid situation. These will be reported along with any mitigating proposals / action to SMT & Cabinet as well as periodically through the Audit and Scrutiny Committees.</i></p>


Appendix B: Follow up of prior year recommendations

Assessment	Issue, risk and recommendation previously communicated in 2018-19	Update on actions taken to address the issue
Partially completed	<p>Fixed Asset Register (FAR):</p> <p>The Council has a manual excel based spreadsheet FAR operated and maintained by one key finance officer. Due to the value and volume of Property, Plant and Equipment recorded in the FAR (over £1.1bn), the spread sheet management is complex, with a significant number of tabs and manually input formulae. There is a risk to the accuracy of the FAR should anything happen to the officer responsible for it and should any manual inputs be included in error.</p> <p>Our audit work also highlighted some complexities when trying to identify and sample additions, disposals, valuations and also when validating the depreciation charge for individual assets. This resulted in considerable additional audit time spent on the FAR and wider PPE audit testing.</p> <p>The spreadsheet based FAR is relying on various formulas manually inputted to obtain appropriate outputs and considering the amount of assets recorded in the FAR, such manually inputted formulas may increase the risk of error.</p> <p>Recommendation:</p> <p>Whilst we understand this manual FAR has been in use for a considerable number of years, capital accounting is becoming increasingly complex and is likely to continue to be a key area of focus for external audits in the future. We recommend management considers the feedback we have provided in our audit work this year and considers what options can be put in place to reduce the risks around the FAR and reduce the level of audit queries raised on the FAR in 2019-20.</p> <p>This could include:</p> <ul style="list-style-type: none"> Ensuring other colleagues in finance are trained to use and update the FAR Meeting with external audit once the 2018-19 audit is concluded to further understand our interrogation requirements of the FAR in order to generate our various samples on PPE for testing, and how the Council can support with this in 2019-20 Consider whether other FARs may enhance the existing asset management and asset record keeping at the Council given the significant value and volume of the asset base 	<p>Management comment – progress</p> <p>More employees have been involved in the preparation of the Fixed Asset Register as part of the 2019/20 accounts process. This did prove difficult with lockdown in March and the requirement to work from home, however, this was undertaken remotely where necessary.</p> <p>We held a detailed workshop session with External Audit to run through the fixed asset register and its operation which has helped with understanding. Furthermore, a detailed process note which explains each element of the Fixed Asset Register was produced and provided well in advance of the audit process.</p> <p>Consideration continues to be given to implementing an automated fixed asset register. Time and resources have prevented progress on this. It will be considered further as part of the the Council's Digital First Programme, though it is worth noting that the current process is fit for purpose whilst being manual.</p> <p>GT comment</p> <p>We acknowledge management's comments regarding progress made and the workshop held with us. Considering the amount of manual information to be controlled and reported, automation considerations should be taken forward as part of Council's Digital First Programme.</p>



Assessment:

- ✓ Action completed
- X Not yet addressed

Appendix B: Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
	<p>Prior period adjustment: communication between estates, legal and finance departments</p> <p>Our audit work identified a material prior period adjustment relating to an asset disposal. Our work and discussions with the senior finance team indicated that there had been a lapse of communication between the estate, legal and finance departments and, as a result, the disposal of a school was not recognised in the year ended 31 March 2018.</p> <p>The Council has a significant asset base with numerous transactions taking place each year, which need to be appropriately accounted for. Whilst we recognise this matter may have been a one-off issue, it is important for the Council to further strengthen and document the communication processes to mitigate the risk of such an event occurring again in the future. This is particularly important considering the significant capital expenditure taking place at the Council in the coming years.</p> <p>Recommendation</p> <p>We recommend the Council further strengthens and documents the communication and co-ordination between estates, legal and finance departments to ensure that significant capital transactions are accounted for in the appropriate financial reporting period. This should reduce the risk of material misstatements in the accounts.</p>	<p>Management Comment</p> <p>A new process of has been implemented between Legal Services, Assets and Finance where communications lines are clearer with all parties being informed of significant capital transactions. Furthermore, there is a three way verification between the financial transaction, the legal transaction and the additional / removal of the asset from the asset portfolio.</p> <p>GT comment</p> <p>Agreed and no further action required.</p>

Appendix B: Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
	<p>Glassworks Development Project:</p> <p>Although we have not noted any specific areas for concern at this point in time, given the capital investment involved, uncertainty around returns, and the significance for the Council, it is important that strong governance controls are maintained in relation to the Glassworks project.</p> <p>Considering this is one of the largest and most challenging projects that the Council has ever undertaken, the Council should continue to maintain appropriate governance, risk management and financial management arrangements in place to continue to make informed decision making regarding the Glassworks Project in 2019-20 and beyond. The Council should also consider ensuring the Audit Committee is kept up to date with governance arrangements on the scheme</p>	<p>Management Comment</p> <p>Governance of the Glassworks development remains of significant importance to the Council. The governance has been improved during the year with improvements to the project risk register and also prompt implementation of recommendations from an internal audit review of the governance arrangements.</p> <p>Audit Committee have been given assurance via updates on progress of the development, although it has been agreed that a more regular monthly /bi monthly update on the development may be beneficial as we enter the final year of construction. This will commence from November 2020 until October 2021 and beyond, where necessary. In addition, an Internal Audit review is just being scoped up, to provide assurance with regards to the contract and performance management arrangements.</p> <p>GT Comment</p> <p>See pages 22 and 23 of this report for our work done and conclusions made during 2019-20 work on Glassworks development project .</p> <p>This is expected to be a continuing piece of work as part of our VFM conclusion in 2020-21. From work performed in 2019-20, we have concluded that there are appropriate arrangements in place around governance and risk management of the scheme. We have made a further recommendation on page 26.</p>
	<p>IT General controls:</p> <p>We made a series of IT general control recommendations in our Audit Finding Report in 2018-19. All these were followed up during 2019-20 and the outcomes were reported to the Audit Committee on in September 2020 in a separate report.</p>	<p>We can confirm that all outstanding recommendations from 2018-19 have being now actioned.</p> <p>No further update required in this report.</p> <p>We reported our 2019-20 IT audit findings to the Audit Committee in September 2020.</p>

Appendix C: Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements : All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Other Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on Useable Reserves £'000
Pension fund liability:			
(1) Updating pension fund valuation to 31 March 2020 to reflect the updated pension fund asset return as at 31 March 2020. This results in a net increase in the pension fund liability of £6.4m.	Dr Actuarial (gains) / losses on pension assets liabilities £6.4m Cr The movement in Reserves Statement £6.4m	Cr Retirement Benefit Obligations (Long Term Liabilities) £6.4m Dr Pension Reserve (Unusable Reserves) £6.4m	- -

Overall impact: **No impact**

Classification and disclosure changes

Page 70	Adjustment Type	Description and value	Account Balance	Updated in the revised accounts?
1	Disclosure	Updating the 'Events After the Balance Sheet Date' note in order to include the latest government funding in July and update on Covid-19 impact which was not included in the draft note.	Note 18, Events After the Balance Sheet Date	✓
2.	Disclosure	Further disclosure update on McCloud and Goodwin judgements as confirmed by the South Yorkshire Pension Fund Actuary.	Defined Benefit Pension Schemes Note 37	✓
3.	Disclosure	Minor amendments were made to the Narrative Report to ensure the content was consistent with the financial information and the Council's activities during year ended 31 March 2020.	Narrative Report	✓
4.	Disclosure	Amendments were made to the Annual Governance Statement in line with Code Guidance requirements. Updates also made to areas of the AGS which were not completed at draft stage.	Draft AGS	✓
5.	Disclosure	Fees to Grant Thornton regarding , External Audit, Housing Benefit, Teachers Pension and Pooling Capital Housing Receipts were updated to reflect the accurate fees for all non audit related services to be in line with those disclosed in Section Four of this report.	External Audit Costs Note 14	✓
6.	Disclosure	Other minor presentational amendments.	Throughout the financial statements	✓
7.	Disclosure	Update to the remuneration disclosures to capture the correct descriptions and enhance this note for further accuracy	Note 13	✓

Appendix D: Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee per Audit Plan £	Final fee £
Council Audit	125,568	TBC+
Total audit fees (excluding VAT)	125,568	TBC

+ We wish to note that there is the potential for further audit fees in relation to the additional work we have performed on pensions, PPE balances and finalising / updating our work from the interim audit. In addition, further costs have been incurred due to the additional time taken to deliver the audit this year as a result of the Covid pandemic. We have discussed the likelihood of an additional fee variation with the Chief Financial Officer, noting an expected variation of between 10-15% of the above fee. We will provide a full breakdown of proposed fees on completion of our audit and this will be included in the Annual Audit Letter later this year. Any fee variation will be subject to PSAA approval.

We expect the total audit fees above to reconcile to the updated note 14 in the revised accounts – we will confirm this upon receipt of the updated accounts.

audit fees for other services	Proposed fee £	Final fee £
Related Services:		
Housing Benefit Subsidy return 2019-20	19,000*	TBC
Certification of Teachers' Pension Return	6,000	
Pooling of Housing Capital Receipts	4,000	
Non-Audit Related Services:		
None	-	-
Total non- audit fees (excluding VAT)	29,000*	TBC

NOTE:

* The £19,000 is the base fee for Housing Benefit Subsidy certification plus for each 40+ testing undertaken:

£2,200 – where the work is completed by the Council

£4,200 – where the work is undertaken by Grant Thornton

Appendix E: Draft Audit Opinion (TO BE CONFIRMED FOLLOWING RECEIPT OF THE ASSURANCE FROM THE PENSION FUND AUDITOR)

We anticipate we will provide an unqualified audit report with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings as a direct impact of Covid-19.

Independent auditor's report to the members of Barnsley Metropolitan Borough Council

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Barnsley Metropolitan Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, Cash Flow Statement, Notes to the Core Financial Statements, Housing Revenue Account Comprehensive Income and Expenditure Statement, the Movement on the Housing Revenue Account Balance Statement, the Collection Fund Statement, the Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet and the Group Cash Flow Statement, Notes to the Group Accounts, Annex A comprising the Authority's Accounting Policies, Annex B comprising Critical Judgements, Assumptions, Estimations made within the accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

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

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Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Service Director for Finance, Chief Financial Officer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's and Authority's future operational arrangements.

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

Conclusions relating to going concern

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

Appendix E: Draft Audit Opinion

We anticipate we will provide an unqualified audit report with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings as a direct impact of Covid-19.

- the Service Director for Finance, Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Service Director for Finance, Chief Financial Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Page 73
In our evaluation of the Service Director for Finance, Chief Financial Officer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the group's and Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit. We analysed how those risks might affect the group's and Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority or group will continue in operation.

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

We draw attention to Technical Annex B comprising Critical Judgements, Assumptions, Estimations made within the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's non-current assets as at 31 March 2020. As disclosed in Annex B, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in the Authority's land and buildings valuer's reports. Our opinion is not modified in respect of this matter.

Other information

The Service Director for Finance, Chief Financial Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, the Annual Governance Statement 2019-20, other than the Authority and group financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement 2019-20 does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement 2019-20 addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Appendix E: Draft Audit Opinion

We anticipate we will provide an unqualified audit report with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings as a direct impact of Covid-19.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, the Annual Governance Statement 2019-20 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority, the Service Director for Finance, Chief Financial Officer and Those Charged with Governance for the financial statements

Responsibilities of the Authority, the Service Director for Finance, Chief Financial Officer and Those Charged with Governance for the financial statements

As explained more fully in Section 3 - Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Service Director for Finance, Chief Financial Officer. The Service Director for Finance, Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Service Director for Finance, Chief Financial Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

Appendix E: Draft Audit Opinion

We anticipate we will provide an unqualified audit report with an Emphasis of Matter paragraph, relating to the material uncertainty around the valuation of land and buildings as a direct impact of Covid-19.

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

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

Conclusion

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

Responsibilities of the Authority

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

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

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

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

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

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

We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2020. We are satisfied that this work does not have a material effect on the financial statements or on our conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose.

Appendix E: Draft Audit Opinion

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

TO BE SIGNED

Gareth Mills, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

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Date: TBC



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Item 6

Report of the Service Director Finance

Audit & Governance Committee: 28th October 2020

AUDITED 2019/20 STATEMENT OF ACCOUNTS

1. Purpose of Report

1.1 This report presents the Council's revised 2019/20 Statement of Accounts, following the statutory audit period.

2. Recommendation

2.1 It is recommended that:

- **The Audit & Governance Committee notes the revised 2019/20 Statement of Accounts and Executive Summary following the statutory audit period;**
- **The Audit & Governance Committee formally recommends approval of the audited statement of accounts to Full Council at the meeting on the 26th November 2020.**

3. Introduction / Background

3.1 The Council is required to follow The Accounts and Audit Regulations 2015 which sets out the obligations for the production and publication of its financial statements. The main requirement was that the Council should present a Code of Practice on Local Authority Accounting (the Code) compliant set of accounts with the External Auditor by no later than 31st May and the Auditor gives their opinion on those accounts by no later than 31st July.

3.2 Given the exceptional circumstances caused by the COVID-19 pandemic, the Government has given both local authorities and Auditors, 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 Specifically, the revised regulations have provided flexibility to submit its draft accounts by no later than 30th August 2020. Members of the Committee will recall that the Council opted 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 From the perspective of the Auditor, The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 allowed Auditors the flexibility to provide their opinion on the accounts of local authorities by no later than 30th November 2020.

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

4. Current Position

4.1 The Council's Auditors, Grant Thornton, commenced their audit work in early July and to date, have practically completed all work on the audit of the Council's 2019/20 financial statements. There remains a relatively low level number of

- queries outstanding, none of which are expected to impact on the Auditor's opinion on the accounts.
- 4.2 The ISA 260, which is the formal report from the Auditors to 'those charged with governance', is presented to Members of the Committee on this agenda for comment. Please note, this covering report is not intended to take Members through the ISA 260 Report.
- 4.3 Following practical completion of the audit a number of amendments are proposed to be made to the accounts presented in June, following discussion with the External Auditors. The paragraphs below explain these changes in more detail for the benefit of Members of the Committee.
- 4.4 The most significant amendment is in relation to the Council's pension deficit {on an accounting basis) as at the 31st March 2020. The Council receives information from the actuary in early April to enable it to meet its statutory deadline in respect of submitting its draft accounts as previously discussed.
- 4.5 Contained within the suite of pensions information is the position for the Council's assumed proportion of pension fund assets, and in particular, the performance of such assets during the financial year. The process undertaken by the actuary is to use actual evidence up to the end of December, with an estimate being made for the remaining three months of the financial year.
- 4.6 There ordinarily is a difference between the estimated position provided by the actuary and what actually transpired which in previous years has not been material. In 2019/20, due to the COVID pandemic, the estimates made by the actuary are significantly different to the actual position, with a difference of a notional £6.930M reduction on the value of the Council's proportion of the pensions fund's assets as at 31st March 2020, therefore increasing the net liability.
- 4.7 It should be noted that this adjustment has no effect on the useable reserves of the Council. Furthermore, it should be noted that the way the Council provides / budgets for its future pension obligations is based on the funding basis, which is different to the position in the statement of accounts, which is based on the prescribed accounting standards. The funding position shows a relatively small deficit to which the Council has plans to address over the medium term.
- 4.8 The revised set of accounts, complete with tracked changes from the draft set of accounts is attached at Appendix 1 and has been updated to reflect this change.
- 4.9 Furthermore, a number of non-material presentational amendments have also been made as highlighted in Appendix 1.
5. Consultations
- 5.1 The Statement of Accounts has been prepared in conjunction with all Executive Directors and Financial Services support staff. The audit process has been overseen by the Council's s151 Officer and the Audit Lead from Grant Thornton. External Audit has a statutory obligation to issue their opinion on the Council's accounts by no later than 30th November 2020.

6. Local Area Implications / Compatibility with European Convention on Human Rights / Reduction of Crime and Disorder / Risk Assessment

6.1 No direct implications.

7. Proposal

7.1 That the Auditor submits their ISA 260 Report, along with the Service Director Finance (the Council's S151 Officer) submitting the revised, audited 2019/20 Statement of Accounts to the Full Council meeting of the 26th November 2020 for consideration and comment.

8. Financial Implications

8.1 The Authority's revised statutory financial statements for the financial year 2019/20 are attached at Appendix 1 to this report with 'tracked changes' to allow Members sight of the amendments being made as part of the audit process, since the draft accounts which were considered by Members in June.

8.2 Furthermore, the Council has also produced an Executive Summary, which it proposes, will be published alongside the Statement of Accounts on the Council's website. The Executive Summary aims to explain the Statement of Accounts and the key messages contained therein, in a non-technical way. This Executive Summary is attached at Appendix 2 for Members' consideration.

9. Employee Implications

9.1 No direct implications.

10. Glossary

10.1 CIPFA - Chartered Institute of Public Finance and Accountancy

11. List of Appendices

11.1 Appendix 1 – Audited Statement of Accounts 2019/20
Appendix 2 – Executive Summary & Explanatory Notes 2019/20

12. Background Papers

12.1 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: 19/10/2020

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BARNSLEY MBC

AUDITED ~~DRAFT~~

**STATEMENT
OF
ACCOUNTS**

2019/20



STATEMENT OF ACCOUNTS 2019/20

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Section 7 – Group Accounts

- Core Group Financial Statements
- Notes to the Group Accounts

Technical Annex A – The Council’s Accounting Policies

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

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

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

Technical Annex E – Statutory Sources

**SECTION 1 - INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARNSLEY
METROPOLITAN BOROUGH COUNCIL**

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Barnsley Metropolitan Borough Council

2019/20 Narrative Report

STATEMENT OF ACCOUNTS 2019/20

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:

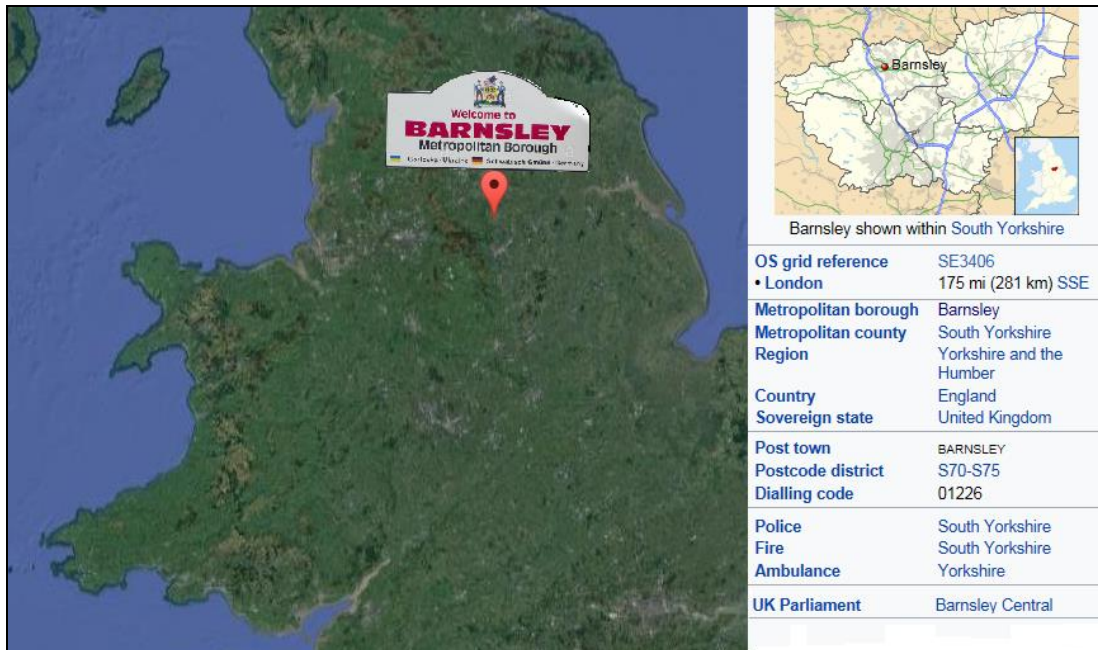
Introduction & Contents
Introducing Barnsley:
Where is Barnsley?
What is Barnsley's Profile?
Interactive Maps of the Borough
Introducing Barnsley Metropolitan Borough Council:
Who Are We
Our Corporate Plan
Our Vision
Our Values
Our Priorities
Our Approach
Our 2019/20 Corporate Performance:
2019/20 Revenue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

STATEMENT OF ACCOUNTS 2019/20

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.



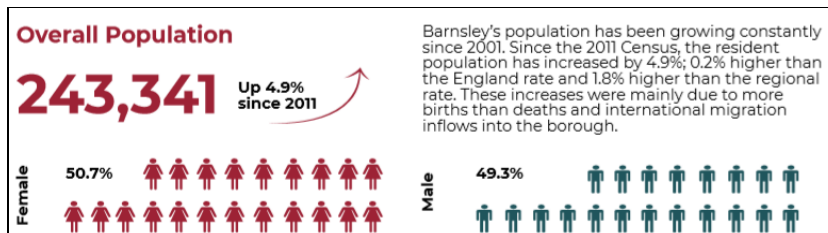
What is Barnsley's Profile?

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

THE BOROUGH'S PROFILE

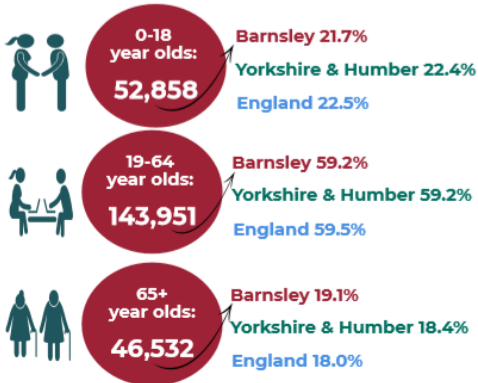
<https://www.barnsley.gov.uk/media/11759/our-borough-profile-20190724.pdf>

Significant measures are shown below:



STATEMENT OF ACCOUNTS 2019/20

Age Profile and % of Total Population

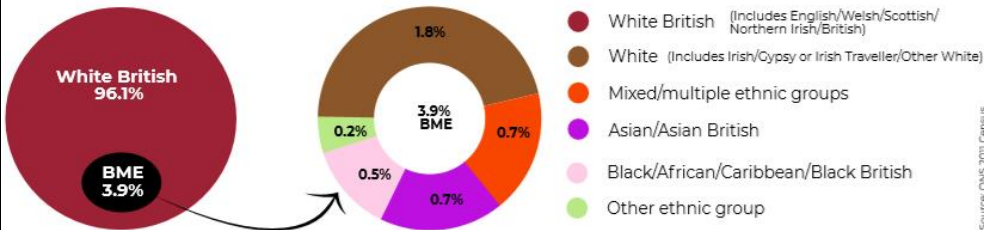


Calculated using the rank of average score measure

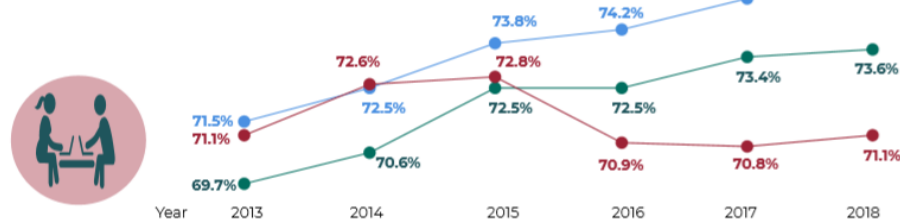
39th
most deprived local authority of the 326 in England



Ethnic Breakdown



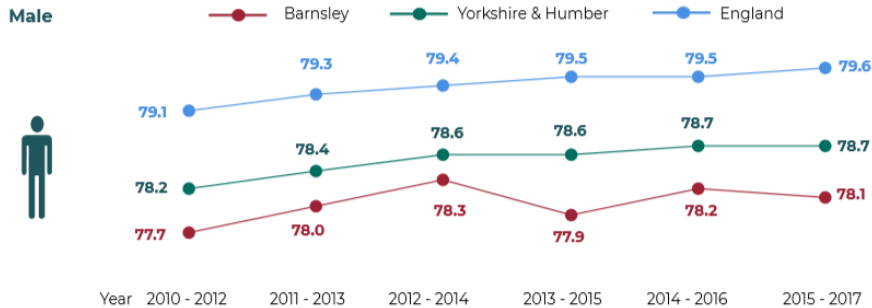
% of Working Age Population in Employment



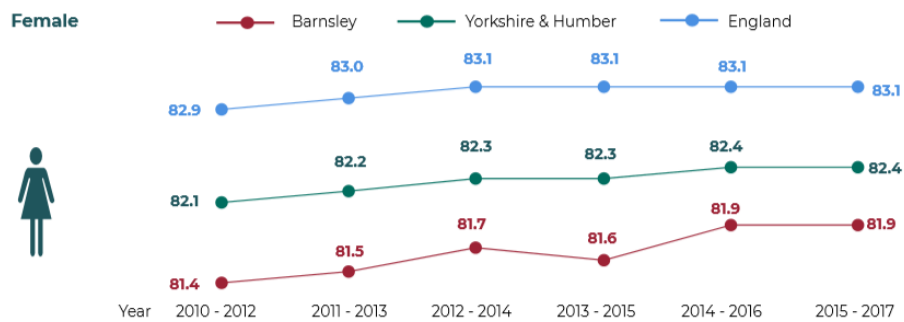
Trends show that Barnsley continues to have a lower number of working age residents in employment than both the regional and national rates. Also, in recent years the gap between Barnsley and England has widened.

STATEMENT OF ACCOUNTS 2019/20

Life Expectancy at Birth



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.



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

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

STATEMENT OF ACCOUNTS 2019/20

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](#)

STATEMENT OF ACCOUNTS 2019/20

Our Corporate Plan

Our Corporate Plan 2017 – 2020 set out what we aimed to achieve for our customers and the community over this period. We have taken the decision to extend the Plan for one more year to 2021. The new plan will be launched in April 2021 and will be informed by the work that is being undertaken on a vision for Barnsley 2030.

Our organisation has changed **significantly** over the last four years since the implementation of our Future Council 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 have an **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 work to a set of **values, 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 in the future, particularly as we recover from the Covid 19 Pandemic. 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>

STATEMENT OF ACCOUNTS 2019/20

A Vision for The Future – 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 an inspiring vision for Barnsley,
supported by values that will help us to drive
change and improvement and to achieve our
priorities and outcomes.**



STATEMENT OF ACCOUNTS 2019/20

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.

<p>OUR VALUES</p> <p>WE'RE</p> <p>PROUD</p> <p>A BRIGHTER FUTURE</p> <p>A BETTER BARNLEY</p>	<p>OUR VALUES</p> <p>WE'RE</p> <p>HONEST</p> <p>A BRIGHTER FUTURE</p> <p>A BETTER BARNLEY</p>
<p>We're Proud</p> <p>We're dedicated to making Barnsley a better place. We take pride in our work</p>	<p>We're Honest</p> <p>We always say what we mean. Most of all we're reliable, fair and true</p>
<p>OUR VALUES</p> <p>WE'LL BE</p> <p>EXCELLENT</p> <p>A BRIGHTER FUTURE</p> <p>A BETTER BARNLEY</p>	<p>OUR VALUES</p> <p>WE'RE A</p> <p>TEAM</p> <p>A BRIGHTER FUTURE</p> <p>A BETTER BARNLEY</p>
<p>We'll be Excellent</p> <p>We work really hard to provide the best quality and value for money for the people of Barnsley. Only our best is good enough</p>	<p>We're a Team</p> <p>We all work together towards the same goal – to make Barnsley a better place for the people who live, work and visit here</p>

STATEMENT OF ACCOUNTS 2019/20

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

STATEMENT OF ACCOUNTS 2019/20

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:

- | | |
|---|---|
| <ul style="list-style-type: none">• 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. | <ul style="list-style-type: none">• 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>
	£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
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)
Total Services	142.769	126.665	(16.104)	10.109	(5.995)
Corporate Budgets	26.294	2.369	(23.925)	23.012	(0.913)
Total Against 19/20 Budget	169.063	129.034	(40.029)	33.121	(6.908)
Use of Reserves	36.268	36.268	-	-	-
Total	205.331	165.302	(40.029)	33.121	(6.908)
Corporate Earmarkings					1.908
Final Position (Increase) / Decrease to Strategic Reserves / Minimum Working Balance					(5.000)

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

<u>Quarter</u>	<u>Date Presented to Cabinet</u>	<u>Cabinet Reference</u>	<u>Link to Cabinet Meeting *</u>
1	4 th September 2019	Cab.4.9.2019/11	Quarter 1 Cabinet
2	27 th November 2019	Cab.27.11.2019/8	Quarter 2 Cabinet
3	4 th March 2020	Cab.4.3.2020/11	Quarter 3 Cabinet
Final Accounts	10 th June 2020	Cab.10.6.2020/8	Final Accounts Cabinet

* From Quarter 2 of 2019/20, the reports presented to Cabinet were in an executive summary report format.

STATEMENT OF ACCOUNTS 2019/20

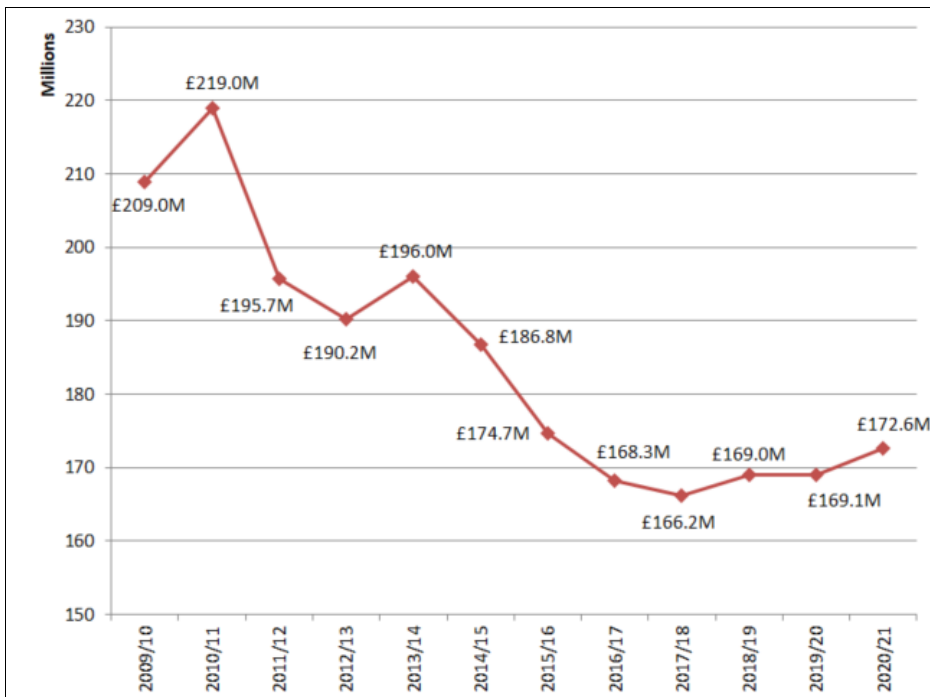
Approved Revenue Budget

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	169.064
2020/21	172.577

Formatted Table

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.

2019/20 Revenue Budget – Corporate Funding:	£M
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
Total Net Revenue Expenditure Budget	169.1

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:

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

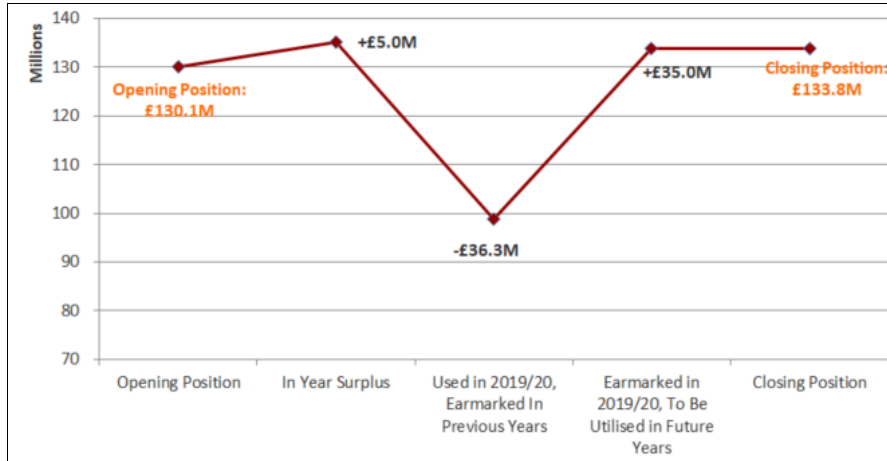
Each year, the Council submits 'earmarking' requests to Cabinet in respect of specific projects which are to be carried in to the forthcoming financial year.

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

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

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 31st March 2020 totals **£20M** (£15M as at 31st 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

Management Accounts	Year End Budget	Actual	Over / (Under) Spend	Earmarked Into Future Years	Operational Over / (Under) Spend
	£M	£M	£M	£M	£M
Income					
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)
Total Income	(70.230)	(71.910)	(1.680)	-	(1.680)
Expenditure					
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	-	-	-
Total Expenditure	53.887	53.892	0.005	0.200	0.205
Total Net Cost of Services	(16.343)	(18.018)	(1.675)	0.200	(1.475)
Other Expenditure / (Income)					
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	-	-	-
Total Other Expenditure / (Income)	24.190	23.275	(0.915)	-	(0.915)
Total Services	7.847	5.257	(2.590)	0.200	(2.390)
Use of Reserves	(7.847)	-	7.847	-	-
Total	-	5.257	5.257	0.200	(2.390)
Corporate Earmarkings					0.590
Final Position (Increase) / Decrease to Strategic Reserves / Minimum Working Balance					(1.800)

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 *
1	4 th September 2019	Cab.4.9.2019/11	Quarter 1 Cabinet
2	27 th November 2019	Cab.27.11.2019/8	Quarter 2 Cabinet
3	4 th March 2020	Cab.4.3.2020/11	Quarter 3 Cabinet
Final Accounts	10 th June 2020	Cab.10.6.2020/8	Final Accounts Cabinet

* 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.

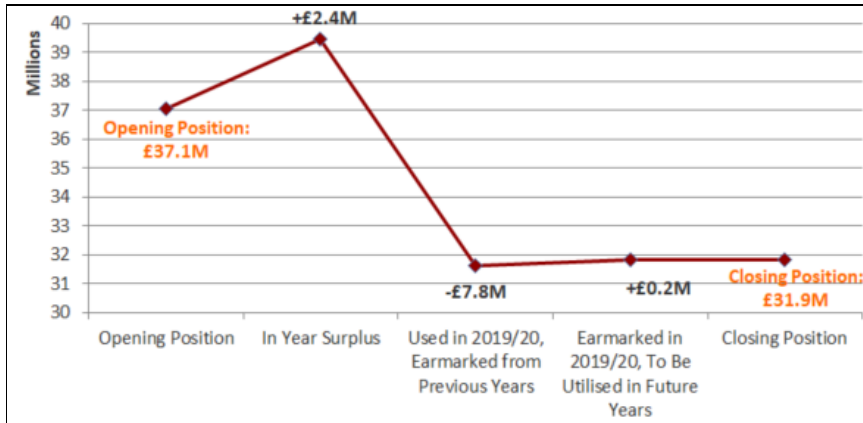
STATEMENT OF ACCOUNTS 2019/20

Housing Revenue Account Reserves Analysis

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

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

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 31st March 2020 totals **£7.0M**, equivalent to 10% of total expected rental income (£5.2M as at 31st 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:

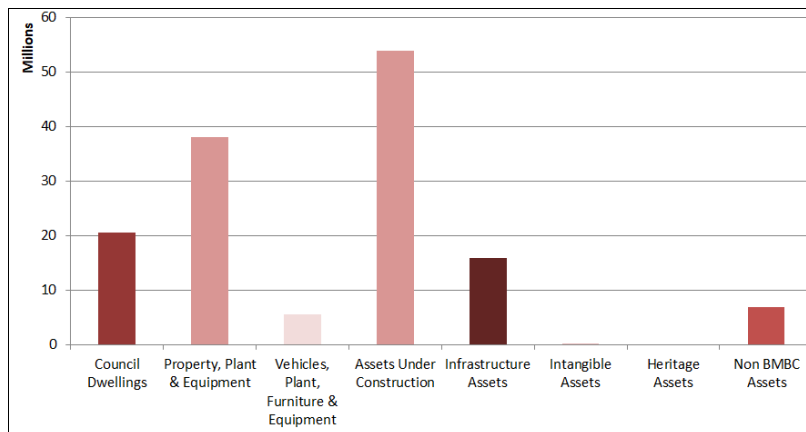
Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting *
1	4 th September 2019	Cab.4.9.2019/11	Quarter 1 Cabinet
2	27 th November 2019	Cab.27.11.2019/8	Quarter 2 Cabinet
3	4 th March 2020	Cab.4.3.2020/11	Quarter 3 Cabinet
Final Accounts	10 th June 2020	Cab.10.6.2020/9	Final Accounts Cabinet

* From Quarter 2 of 2019/20, the reports presented to Cabinet were in an executive summary report format.

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.

Asset Categories	2019/20 £M
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
Total	141.0



STATEMENT OF ACCOUNTS 2019/20

Details of Material Asset Groups Acquired / Enhanced

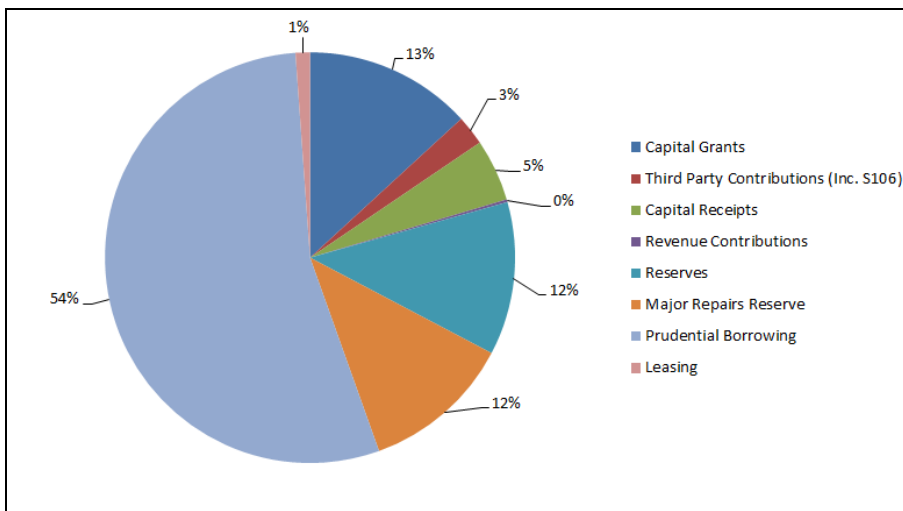
Below shows the **material assets/groups** that the Council has spent its capital expenditure on in 2019/20, together with a high level description of what the expenditure relates to:

Asset Group	Description	2019/20 Expenditure £M
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
Total		141.0

Sources of Capital Finance

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

Funding Source	2019/20 £M
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
Total	141.0



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.

Asset	Description	2019/20 Asset Value Disposed £M
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:

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

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

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
1	4 th September 2019	Cab.4.9.2019/9	Quarter 1 Cabinet
2	27 th November 2019	Cab.27.11.2019/7	Quarter 2 Cabinet
3	4 th March 2020	Cab.4.3.2020/10	Quarter 3 Cabinet
4	10 th June 2020	Cab.10.6.2020/7	Quarter 4 Cabinet

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 31st 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
1	4 th September 2019	Cab.4.9.2019/11	Quarter 1 Cabinet
2	27 th November 2019	Cab.27.11.2019/8	Quarter 2 Cabinet
3	4 th March 2020	Cab.4.3.2020/11	Quarter 3 Cabinet
Final Accounts	10 th June 2020	Cab.10.6.2020/10	Final Accounts Cabinet

* From Quarter 2 of 2019/20, the reports presented to Cabinet were in an executive summary report format.

STATEMENT OF ACCOUNTS 2019/20

Other Key Components of our 2019/20 Balance Sheet

Summary of the Council's Borrowing Position as at 31st 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 31st 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 31st March 2020, fund liabilities **exceeded** fund assets by **£408.2M, 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 31st 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 31st 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 31st March 2020 totalled **£5.9M**.

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

STATEMENT OF ACCOUNTS 2019/20

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	Cabinet Meeting

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

The Council's Corporate Plan, which runs to 2021 (extended by a further year), 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 the Covid 19 Pandemic started during the final few weeks of 2019/20. The pandemic had very little impact on the Council's 2019/20 accounts (£1.4M incurred on the Council's Covid related response) but is already having a significant impact on the delivery of Council Services during 2020/21 and beyond.

The position reported recently shows an overall cost of £39.8M. This position is constantly changing especially as the country faces a second wave of the virus and potentially enters a further lockdown either locally in Barnsley or on a national scale. The table below provides further details of this cost.

To date Government have provided funding in the region of £22.6M to help cover the additional cost incurred.

Further funding is also potentially available via the Fees and Charges Compensation Scheme which allows local authorities to claim for an element of fees and charges income lost due to the pandemic though the exact amount is yet unknown.

Regardless of this the Council faces a significant financial pressure during 2020/21 as a result of the pandemic. This will likely worsen should a second wave of the virus take hold later in the year. As such in June 2020 the Council agreed the Covid 19 Recovery & Renewal Strategy accompanied by a Financial Recovery Strategy. These two documents can be found online at this link - [Recovery & Renewal Strategy](#).

The Council continues to assess the ongoing implications of Covid 19 in terms of the delivery of services, linked to the Recovery and Renewal Strategy, and has amended its governance arrangements accordingly. Details of these arrangements can be found in the Council's Annual Governance Statement (AGS), which is published alongside the Statement of Accounts.

Hard copies of these documents can be provided on request.

Specifically the Financial Recovery Strategy implemented a moratorium on all non-essential expenditure and new proposed investment has been instigated.

This moratorium follows three main steps:

- i. Review and delay all investment yet to start;
- ii. Review of all BAU procurement events and defer/stop where necessary;
- iii. Moratorium on all non-essential expenditure.

As a result the above some £42M of planned new investment was placed on hold (£17M has subsequently been released). The Council is also anticipating a £1.5M underspend (as at end of June) on non-essential business as usual expenditure.

The 2020/21 Quarter 1 corporate monitoring position reported a revised estimated impact on the Council totalling a net £15.7M during 2020/21 – the table below explains the detail:

In October 2020, South Yorkshire was placed into Tier 2 in terms of the Government's latest restriction tier system. The Council is currently working through the implications of this announcement. In addition, it is also accordingly planning for the potential impact and implications on the Council, of moving into Tier 3 in the future.

STATEMENT OF ACCOUNTS 2019/20

Type	Estimated Impact in 2020/21 £M
Additional Expenditure:	
Adult Social Care	10.1
Children's Services	1.0
Vulnerable	1.1
Supplier Relief	2.3
Outbreak Control	1.6
Other (Including PPE, additional Waste costs etc)	5.9
Sub Total – Additional Expenditure	22.0
Lost Income:	
Core Income (Business Rates/ C Tax)	9.2
Fees and Charges	8.6
Sub Total – Lost Income	17.8
Total Cost of COVID 19	39.8
Government Support	(22.6)
Anticipated BAU underspend in 2020/21	(1.5)
Remaining Deficit to be Addressed	15.7

In addition, the Government has also launched the Fees and Charges Compensation Scheme which allows local authorities to claim for an element of fees and charges income lost due to the pandemic. The Council has an active claim with the MHCLG but as at the time of writing, the final financial recompense due is unknown.

The estimated impact of Covid 19 on the Council's financial position is constantly changing representing the national position of the pandemic.

The impact in respect of 2021/22 and beyond will be captured by the Council's 2030 Plan and updated Medium Term Financial Strategy (MTFS).

This will impact on a number of things including:

- service delivery and consideration of different methods of delivery;
- major projects that the Council is involved in;
- the cost of running services;
- income collection;
- the wider community and economy; and
- Council employees.

Further detail can be found in the 2020/21 Quarter 1 Financial Performance report here [Quarter 1 2020/21 Corporate Finance Performance Report](#)

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;

STATEMENT OF ACCOUNTS 2019/20

- ~~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	Cabinet Meeting

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;

STATEMENT OF ACCOUNTS 2019/20

- 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.

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

The Balance Sheet – The Balance Sheet shows the value of the assets and liabilities recognised by the Council, as at 31st March 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

STATEMENT OF ACCOUNTS 2019/20

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 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.

STATEMENT OF ACCOUNTS 2019/20

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

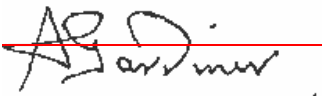
STATEMENT OF ACCOUNTS 2019/20

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.



DATE: ~~23rd June 2020~~

COUNCILLOR A. GARDINER

CABINET SPOKESPERSON FOR CORPORATE SERVICES

The Chief Finance Officer's Responsibilities

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

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

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

In conclusion, the Chief Finance Officer certifies that this Statement of Accounts presents a true and fair view of the financial position of the Council as at 31st March 2020.



DATE: ~~23rd June 2020~~

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

Movement in Reserves During 2019/20	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2019	130,114	37,074	15,071	10,807	5,796	198,862	(219,001)	(20,139)
Total Comprehensive Expenditure & Income	(20,119)	(12,147)	-	-	-	(32,266)	107,708 101,318	75,442 69,052
Adjustments Between Accounting Basis & Funding Basis Under Regulations	23,880	6,890	1,739	4,014	3,058	39,581	(39,581)	-
Net Increase / (Decrease) in 2019/20	3,761	(5,257)	1,739	4,014	3,058	7,315	68,127 61,737	75,442 69,052
Balance of Reserves at 31st March 2020	133,875	31,817	16,810	14,821	8,854	206,177	157,264 874	55,303 48,913

[Balance Sheet](#)

[CI&ES](#)

[Note 3](#)

[Note 4 & HRA](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

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[Balance Sheet / Note 5](#)

[Balance Sheet](#)

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Movement in Reserves During 2018/19	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2018	135,793	41,517	12,186	4,198	4,262	197,956	(177,467)	20,489
Total Comprehensive Expenditure & Income	(35,258)	(10,047)	-	-	-	(45,305)	4,677	(40,628)
Adjustments Between Accounting Basis & Funding Basis Under Regulations	29,579	5,604	2,885	6,609	1,534	46,211	(46,211)	-
Net Increase / (Decrease) in 2018/19	(5,679)	(4,443)	2,885	6,609	1,534	906	(41,534)	(40,628)
Balance of Reserves at 31st March 2019	130,114	37,074	15,071	10,807	5,796	198,862	(219,001)	(20,139)

[Balance Sheet](#)

[CI&ES](#)

[Note 3](#)

[Note 4 & HRA](#)

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2019/20

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Balance Sheet / Note 5](#)

[Balance Sheet](#)

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	
			Net Cost of Services:			
232,634	(140,631)	92,003	153,283	(100,401)	52,882	
99,946	(29,061)	70,885	103,913	(29,777)	74,136	
70,965	(71,783)	(818)	74,882	(71,970)	2,912	HRA
38,836	(16,277)	22,559	96,755	(40,355)	56,400	
10,307	(9,937)	370	12,539	(7,787)	4,752	
99,890	(110,304)	(10,414)	104,052	(105,655)	(1,603)	
9,081	(21,398)	(12,317)	27,474	(45,776)	(18,302)	
561,659	(399,391)	162,268	572,898	(401,721)	171,177	EFA
			Other Operating Income & Expenditure:			
431	-	431	436	-	436	
1,671	-	1,671	1,666	-	1,666	
9,070	(11,197)	(2,127)	6,973	(10,558)	(3,585)	
33,304	-	33,304	9,679	-	9,679	8
44,476	(11,197)	33,279	18,754	(10,558)	8,196	
			Financing & Investment Income & Expenditure:			
20,765	-	20,765	22,895	-	22,895	
76	-	76	97	-	97	
20,857	-	20,857	20,279	-	20,279	
9,455	-	9,455	10,446	-	10,446	37
-	-	-	-	-	-	
326	-	326	1,358	-	1,358	
2,075	-	2,075	-	-	-	
-	(1,718)	(1,718)	-	(1,959)	(1,959)	
-	(52)	(52)	-	(207)	(207)	
-	(11)	(11)	-	(10)	(10)	
4,683	(5,332)	(649)	3,612	(4,357)	(745)	9
58,237	(7,113)	51,124	58,687	(6,533)	52,154	

STATEMENT OF ACCOUNTS 2019/20

Continued overleaf.

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	
			Taxation & Non Specific Grant Income:				
-	(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)	
-	(201,366)	(201,366)	Total Taxation & Non Specific Grant Income	-	(199,261)	(199,261)	
664,372	(619,067)	45,305	(Surplus) / Deficit on Provision of Services	650,339	(618,073)	32,266	6
			Other Comprehensive Income & Expenditure:				
5,068	(53,797)	(48,729)	(Gains) / Losses on Revaluation of Property, Plant & Equipment Assets	6,318	(46,763)	(40,445)	5
263	-	263	(Gains) / Losses on Revaluation of Financial Instruments	57	-	57	5
43,789	-	43,789	Actuarial (Gains) / Losses on Pension Assets / Liabilities	-	(60,9307,320)	(607,930320)	37
49,120	(53,797)	(4,677)	Other Comprehensive Income & Expenditure	6,375	(14107,693) 083	(107101,318) 708	
713,492	(672,864)	40,628	Total Comprehensive Income & Expenditure	656,714	(732,156725) ,766	(75,44269.0) 52	

STATEMENT OF ACCOUNTS 2019/20

BALANCE SHEET AS AT 31st MARCH 2020

2018/19 £000s		2019/20 £000s	2019/20 £000s	Note / Statement
	NON-CURRENT ASSETS			
	Property Plant and Equipment:			
564,595	- Council Dwellings	580,429		19
280,804	- Other Land & Buildings	301,594		19
5,709	- Vehicles, Plant, Furniture & Equipment	9,435		19
257,291	- Infrastructure Assets	264,599		19
36,876	- Assets Under Construction	70,118		19
3,665	- Surplus Assets	2,924		19
1,148,940			1,229,099	
10,427	Heritage Assets	10,427		21
1,109	Intangible Assets	925		22
4,537	Long Term Investments	4,422		27
2,333	Long Term Debtors	909		27
18,406			16,683	
1,167,346	Total Non-Current Assets		1,245,782	
	CURRENT ASSETS			
5,330	Assets 'Held for Sale'	4,108		23
156,926	Short Term Investments	57,197		27
1,069	Inventories	1,101		29
9,676	Local Taxation Debtors	10,072		30
(7,311)	Impairment of Local Taxation Debtors	(9,772)		30
40,647	Other Short Term Debtors	62,264		31
(5,675)	Impairment of Short Term Debtors	(7,776)		31
35,391	Cash & Cash Equivalents	68,569		Cash Flow
236,053	Total Current Assets		185,763	
1,403,399	TOTAL ASSETS		1,431,545	
	CURRENT LIABILITIES			
(94,707)	Short Term Borrowing	(31,229)		27
(8,851)	Other Short Term Liabilities	(9,507)		27
(54,362)	Short Term Creditors	(49,077)		32
(7,184)	Short Term Provisions	(6,380)		34
(19,724)	Capital Grants Receipts in Advance	(17,699)		33
(2,230)	Revenue Grants Receipts in Advance	(8,152)		33
(187,058)	Total Current Liabilities		(122,044)	
	LONG TERM LIABILITIES			
(571,563)	Long Term Borrowing	(645,650)		27
(210,922)	Other Long Term Liabilities	(202,861)		27
(3,736)	Long Term Provisions	(3,725)		34
(450,259)	Retirement Benefit Obligations	(401,962) 408,352		37
(1,236,480)	Total Long Term Liabilities		(1,254,260,198,588)	
(1,423,538)	TOTAL LIABILITIES		(1,382,76,632,242)	
(20,139)	NET ASSETS / (LIABILITIES)		55,303,48,913	

Continued overleaf

STATEMENT OF ACCOUNTS 2019/20

BALANCE SHEET AS AT 31st MARCH 2020 (CONTINUED)

2018/19 £000s		2019/20 £000s	2019/20 £000s	Note / Statement
	USEABLE RESERVES:			
130,114	- General Fund	133,875		4 / MIRS
37,074	- Housing Revenue Account	31,817		4 / MIRS / HRA
15,071	- Useable Capital Receipts Reserve	16,810		MIRS
10,807	- Major Repairs Reserve	14,821		MIRS
5,796	- Capital Grant Unapplied Reserve	8,854		MIRS
198,862	TOTAL USEABLE RESERVES		206,177	
	UNUSABLE RESERVES:			
(2,714)	- Capital Adjustment Account	(24,780)		5
61	- Deferred Capital Receipts Reserve	60		5
(12,693)	- Financial Instruments Adjustment Account	(12,057)		5
(458,793)	- Pensions Reserve	(4084,352962)		5
(263)	- Financial Instrument Revaluation Reserve	(320)		5
240,484	- Revaluation Reserve	271,208		5
(3,145)	- Accumulated Absences Account	(3,007)		
18,062	- Collection Fund Adjustment Account	19,984		
(219,001)	TOTAL UNUSABLE RESERVES		(150157,264074)	
(20,139)	TOTAL RESERVES		55,30348,913	

I certify that these accounts were approved by the full Council at its meeting on 25th July 2019. These statements replace the unaudited financial statements placed on account with the Authority's external auditors, Grant Thornton (UK) LLP on 30th June 2020.

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

P Markham

Mayor Cllr. Markham

Date: 24th June 2020

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STATEMENT OF ACCOUNTS 2019/20

CASH FLOW STATEMENT

2018/19 £000s		2019/20 £000s	2019/20 £000s	Note
45,305	Net (Surplus) / Deficit on Provision of Services		32,266	CI&ES
	Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:			
(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		
(164,010)			(92,973)	
	Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:			
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		
36,962			35,847	
	Adjustments for Items Not Included in the Net (Surplus) or Deficit on the Provision of Services that are Operating Activities:			
-	- Pension Deficit Upfront Payment	-	-	
-			-	
(81,743)	Net Cash (Inflow) / Outflow From Operating Activities		(24,860)	
172,029	Net Cash (Inflow) / Outflow From Investing Activities		(4,705)	39
(91,115)	Net Cash (Inflow) / Outflow From Financing Activities		(3,613)	40
(829)	Net (Increase) / Decrease in Cash & Cash Equivalents		(33,178)	
34,562	Cash & Cash Equivalents as at 1st April		35,391	
829	Net Increase / (Decrease) in Cash & Cash Equivalents		33,178	
35,391	Cash & Cash Equivalents as at 31st March		68,569	Balance Sheet
	Made Up Of The Following Elements:			
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	
35,391	Total Cash & Cash Equivalents		68,569	

* 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)
76,171	86,097	162,268	Net Cost of Services	91,619	79,558	171,177
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)
(52,395)	97,700	45,305	(Surplus) / Deficit on Provision of Services	(38,287)	70,553	32,266
62,517	(62,517)	-	Below the Line Items	39,783	(39,783)	-
10,122	35,183	45,305	TOTAL	1,496	30,770	32,266
Note 1 / MIRS	Split Between:	CI&ES		Note 1 / MIRS	Split Between:	CI&ES
General Fund	29,579			General Fund	23,880	
HRA	5,604			HRA	6,890	
	35,183				30,770	
	Note 2 / Note 3 / MIRS				Note 2 / Note 3 / MIRS	

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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
135,793	41,517	177,310	Opening Balances as at 1st April	130,114	37,074	167,188
(5,679)	(4,443)	(10,122)	Plus/(Less) Surplus or (Deficit) on General Fund & HRA Balances in Year	3,761	(5,257)	(1,496)
130,114	37,074	167,188	Closing Balances as at 31st March	133,875	31,817	165,692
Note 4 / MIRS	Note 4 / MIRS	Note 4 / MIRS		Note 4 / MIRS	Note 4 / MIRS	Note 4 / MIRS

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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Adjustments from Management Accounts to Financial Reporting Format	2019/20				
	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)
	£000s	£000s	£000s	£000s	£000s
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)
Net Cost of Services	165,302	(39,157)	(34,526)	-	91,619
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)
(Surplus) / Deficit on Provision of Services	165,302	-	(34,526)	(169,063)	(38,287)
Below the Line Items	-	-	34,526	5,257	39,783
TOTAL NET EXPENDITURE	165,302	-	-	(163,806)	1,496

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STATEMENT OF ACCOUNTS 2019/20

Adjustments from Management Accounts to Financial Reporting Format	2018/19				
	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)
	£000s	£000s	£000s	£000s	£000s
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)
Net Cost of Services	174,666	(40,422)	(58,073)	-	76,171
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)
(Surplus) / Deficit on Provision of Services	174,666	-	(58,073)	(168,988)	(52,395)
Below the Line Items	-	-	58,073	4,444	62,517
TOTAL NET EXPENDITURE	174,666	-	-	(164,544)	10,122

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

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STATEMENT OF ACCOUNTS 2019/20

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

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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.

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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

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

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

General Fund Balances

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

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

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

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

Housing Revenue Account (HRA) Balances

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

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

Useable Capital Receipts Reserve

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

Major Repairs Reserve

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

Capital Grants Unapplied Reserve

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

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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
2019/20 Adjustments	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources						
Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements:						
Pensions Costs <i>(Transferred to (or from) the Pensions Reserve)</i>	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)
Sub Total – Adjustments to Revenue Resources	69,178	26,386	-	14,886	-	(110,450)
Adjustments Between Revenue and Capital Resources						
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
Sub Total – Adjustments Between Revenue & Capital Resources	(20,009)	(19,496)	8,892	5,852	-	24,761
Adjustments to Capital Resources						
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)
Sub Total – Adjustments to Capital Resources	(25,289)	-	(7,153)	(16,724)	3,058	46,108
Total Adjustments	23,880	6,890	1,739	4,014	3,058	(39,581)
	MIRS / EFA	MIRS / EFA	MIRS	MIRS	MIRS	MIRS

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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
2018/19 Adjustments	£000s	£000s	£000s	£000s	£000s	£000s
Adjustments to Revenue Resources						
Amounts by which Income and Expenditure Included in the Comprehensive Income and Expenditure Statement are Different from Revenue for the Year Calculated in Accordance with Statutory Requirements:						
Pensions Costs (<i>Transferred to (or from) the Pensions Reserve</i>)	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)
Sub Total – Adjustments to Revenue Resources	98,224	28,978	-	12,383	-	(139,585)
Adjustments Between Revenue and Capital Resources						
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
Sub Total – Adjustments Between Revenue & Capital Resources	(40,804)	(23,374)	9,526	8,944	-	45,708
Adjustments to Capital Resources						
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)
Sub Total – Adjustments to Capital Resources	(27,841)	-	(6,641)	(14,718)	1,534	47,666
Total Adjustments	29,579	5,604	2,885	6,609	1,534	(46,211)
	MIRS / EFA	MIRS / EFA	MIRS	MIRS	MIRS	MIRS

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Note 4 – General Fund and Housing Revenue Account Reserves

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

	Balance at 31 st March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 st March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 st March 2020
General Fund :	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Service Earmarked Reserves :							
People Directorate:							
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
Place Directorate:							
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
Communities Directorate:							
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
Public Health Directorate:							
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
Core Services Directorate:							
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
Corporate Earmarked Reserves :							
Capital Programme Earmarkings:							
Glassworks Scheme	32,628	(25,279)	11,775	19,124	(3,916)	-	15,208
Capital Investment Priorities	29,840	(11,059)	4,090	22,871	(4,837)	6,838	24,872
Other Capital Commitments	-	-	-	-	-	4,000	4,000
Corporate Earmarkings							
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	-	-	350	350	(140)	500	710
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)	1,967	2,947	(823)	3,953	6,077
Sub Total – G/F Earmarked Reserves	113,870	(57,557)	58,064	114,377	(38,269)	37,767	113,875
Non-Earmarked Reserves :							
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)	-	-
Sub Total – G/F Non-Earmarked Reserves	21,923	(6,923)	737	15,737	(737)	5,000	20,000
Total – General Fund Reserves	135,793	(64,480)	58,801	130,114	(39,006)	42,767	133,875
Total General Fund Movement		(5,679)			3,761		Balance Sheet
		EFA / MIRS			EFA / MIRS		

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	Balance at 31 st March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 st March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 st March 2020
Housing Revenue Account :	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Earmarked Reserves :							
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
Sub Total – HRA Earmarked Reserves	31,725	(11,348)	10,250	30,627	(9,847)	4,037	24,817
Non-Earmarked Reserves :							
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)	-	-
Sub Total – HRA Non-Earmarked Reserves	9,792	(6,292)	2,947	6,447	(1,247)	1,800	7,000
Total – HRA Reserves	41,517	(17,640)	13,197	37,074	(11,094)	5,837	31,817
Total HRA Movement		(4,443)			(5,257)		Balance Sheet / HRA
		EFA / MIRS			EFA / MIRS		

Note 5 – Unusable Reserves

Description:	This note provides an analysis of the Council's unusable reserves. These reserves cannot be used to reduce Council Tax or Rents and ordinarily represent statutory accounting requirements.
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31 st March 2018 £000s	31 st March 2019 £000s		31 st 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	(408,962)
-	(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
(177,467)	(219,001)	Total Unusable Reserves	(1578,264874)

[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.

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

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

2018/19		2019/20	
£000s		£000s	
18,222	Balance at 1st April		(2,714)
	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income & Expenditure Statement :		
(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)	
(119,691)			(102,657)
5,383	Adjusting Amount Written Out to the Revaluation Reserve		9,721
(114,308)	Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year		(92,936)
	Capital Financing Applied in Year :		
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	
93,437			71,036
-	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)	
(65)			(166)
(2,714)	Balance at 31st March		(24,780)

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	
62	Balance at 1st April		61
-	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)
61	Balance at 31st March		60

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

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of the General Fund balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax. The balance on the Account as at 31st March 2020 will be charged to the General Fund over the next 37 years.

2018/19		2019/20	
£000s		£000s	£000s
(11,588)	Balance at 1st April		(12,693)
(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	
(1,105)	Amount by Which Finance Costs Charged to the Comprehensive Income & Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements		636
(12,693)	Balance at 31st March		(12,057)

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		2019/20	
£000s		£000s	
(393,603)	Balance at 1st April	(458,793)	
(43,789)	Actuarial Gains or (Losses) on Pensions Assets & Liabilities	67,32060,930	CI&ES
(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	
(458,793)	Balance at 31st March	(408,962352)	

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.

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

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

2018/19 £000s		2019/20	
		£000s	£000s
197,137	Balance at 1st April		240,484
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)	
48,730	Surplus or Deficit on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services		40,445
(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)	
(5,383)	Amount Written Off to the Capital Adjustment Account		(9,721)
240,484	Balance at 31st March		271,208

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Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31st March 2020. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfer to or from the Account.

2018/19 £000s		2019/20	
		£000s	£000s
(2,900)	Balance at 1st April		(3,145)
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)	
(245)	Amount By Which Officer Remuneration Charged to the Comprehensive Income & Expenditure Statement on an Accruals Basis is Different from Remuneration Chargeable in the Year in Accordance With Statutory Requirements		138
(3,145)	Balance at 31st March		(3,007)

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 £000s		2019/20	
		£000s	£000s
15,203	Balance at 1st April		18,062
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	
18,062	Balance at 31st March	19,984	Collection Fund

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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:	Accounting Policy 2

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

Expenditure / Income	2018/19	2019/20
	£000s	£000s
Expenditure:		
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
Total Expenditure	664,372	650,339
Income:		
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)
Total Income	(619,067)	(618,073)
Surplus or Deficit on the Provision of Services	45,305	32,266

[Note 15](#)

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Segmental Expenditure & Income

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

TOTAL EXPENDITURE	2019/20							
	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	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	76,493	66,964	9,827	-	-	-	-	153,284
Place	33,269	38,940	33,658	-	-	-	-	105,867
HRA	776	38,290	35,816	10,374	-	-	-	85,256
Adults & Communities	19,455	73,857	3,443	-	-	-	-	96,755
Public Health	7,053	5,486	-	-	-	-	-	12,539
Core Services	29,682	72,768	3,260	2	-	-	-	105,712
Corporate Services	7,326	21,505	-	32,895	-	-	-	61,726
Non Directorate	-	-	-	10,446	436	1,666	16,652	29,200
Total	174,054	317,810	86,004	53,717	436	1,666	16,652	650,339

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TOTAL INCOME	2019/20					TOTAL
	Fees, Charges & Other Service Income	Interest & Investment Income	Income From Council Tax & Non-Domestic Rates	Government Grants & Contributions	Sale Proceeds Relating to the Disposal of Assets	
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	(5,374)	-	-	(95,027)	-	(100,401)
Place	(20,051)	(197)	-	(12,463)	-	(32,711)
HRA	(70,912)	(306)	-	(1,058)	-	(72,276)
Adults & Communities	(16,448)	(8)	-	(23,906)	-	(40,362)
Public Health	(255)	-	-	(7,532)	-	(7,787)
Core Services	(21,384)	(364)	-	(85,891)	-	(107,639)
Corporate Services	(5,267)	(1,302)	(1,190)	(41,869)	-	(49,628)
Non Directorate	-	-	(122,850)	(73,861)	(10,558)	(207,269)
Total	(139,691)	(2,177)	(124,040)	(341,607)	(10,558)	(618,073)

TOTAL EXPENDITURE (Prior Year Comparator)	2018/19							TOTAL
	Employee Benefits Expenses	Other Services Expenses	Depreciation, Amortisation Impairment	Interest Payments	Precepts & Levies	Payments to Housing Capital Receipts Pool	Write Out NBV Relating to the Disposal of Assets	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	105,021	120,238	7,374	-	-	-	-	232,633
Place	33,760	38,311	30,179	-	-	-	-	102,250
HRA	805	35,767	34,395	11,344	-	-	-	82,311
Adults & Communities	21,901	16,047	3,267	-	-	-	-	41,215
Public Health	6,968	3,339	-	-	-	-	-	10,307
Core Services	20,597	77,192	2,101	2	-	-	-	99,892
Corporate Services	5,800	3,606	-	32,427	-	-	-	41,833
Non Directorate	-	-	-	9,455	431	1,671	42,374	53,931
Total	194,852	294,500	77,316	53,228	431	1,671	42,374	664,372

TOTAL INCOME (Prior Year Comparator)	2018/19					TOTAL
	Fees, Charges & Other Service Income	Interest & Investment Income	Income From Council Tax & Non-Domestic Rates	Government Grants & Contributions	Sale Proceeds Relating to the Disposal of Assets	
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	(14,947)	-	-	(125,693)	-	(140,640)
Place	(19,751)	(94)	-	(12,244)	-	(32,089)
HRA	(71,273)	(250)	-	(508)	-	(72,031)
Adults & Communities	(8,349)	(123)	-	(10,327)	-	(18,799)
Public Health	(272)	-	-	(9,665)	-	(9,937)
Core Services	(18,117)	(111)	-	(92,187)	-	(110,415)
Corporate Services	(4,754)	(1,194)	-	(17,892)	-	(23,840)
Non Directorate	-	-	(118,028)	(82,091)	(11,197)	(211,316)
Total	(137,463)	(1,772)	(118,028)	(350,607)	(11,197)	(619,067)

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)
(110,698)	Total Included in Comprehensive Income & Expenditure Statement	(108,737)

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:	Accounting Policy 6

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:

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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
Assets Relating To:	£000s	£000s	£000s
Cudworth Churchfield Primary	3,437	-	3,437
Mapplewell Primary	2,176	-	2,176
Worsborough Common Primary	4,066	-	4,066
Total	9,679	-	9,679

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

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

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

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)
(649)	Net Deficit / (Surplus) Posted to Financing & Investment Income & Expenditure	(745)

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Note 10 – Impairment / Revaluation Losses

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

During 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
	Charged to Net Cost of Services:	
21,703	Council Dwellings	20,661
18,639	Other Land & Buildings	23,493
1,026	Surplus Assets	803
410	Assets Held for Sale	188
41,778	Total Charged to Net Cost of Services	45,145
	Charged to Financing & Investment Income & Expenditure:	
-	Investment Properties	-
-	Total Charged to Financing & Investment Income & Expenditure	-
41,778	Total Charged to Comprehensive Income & Expenditure Statement	45,145

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
	Value of Aligned Budgets:			
(6,002)	Opening Balance at 1 st April			(6,456)
(31,570)	BCCG	(6,456)	-	(33,020)
	Barnsley MBC	(33,020)	-	
(37,572)	Total	(39,476)	-	(39,476)
	Value of Commissioned Services:			
3,943	SWYPFT*	4,266	-	4,266
32,406	Barnsley MBC	33,960	-	33,960
1,223	BCCG	1,250	-	1,250
(138)	Balance on Revenue Account	-	278	278
37,434	Total	39,476	278	39,754
(138)	Balance as at 31st March	-	278	278

*SWYPFT – South & West Yorkshire Partnership Foundation Trust.

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

Income & Expenditure Account

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

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.

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A summary of the pooled budget is shown below:

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

Explanation of Above Tables

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

Note 12 – Members’ Allowances

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

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

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Note 13 – Officers’ Remuneration & Exit Packages

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

The table below sets out the remuneration disclosures for Senior 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 £000s	Redundancy / Severance £000s	Expenses / Allowances £000s	Pension Contributions £000s	Total Remuneration £000s
Diana Terris – Chief Executive A	65	-	-	4	69
Sarah Norman - Chief Executive B	128	-	5	19	152
Rachel Dickinson - 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
Andrew Frosdick - Executive Director – Core	121	-	-	41	162
Former Director – Finance, Assets & IT C	-	-	-	147	147

Post	2018/19				
	Salary £000s	Redundancy / Severance £000s	Expenses / Allowances £000s	Pension Contributions £000s	Total Remuneration £000s
Diana Terris – Chief Executive A	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 C	-	-	-	146	146
Former Director – Human Resources, Performance & Communications D	-	-	-	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	Remuneration Band	2019/20 Council Officers Total	2019/20 Schools Total
29	22	27	£50,000 - £54,999	35	18
14	22	15	£55,000 - £59,999	27	12
10	17	9	£60,000 - £64,999	15	12
11	4	11	£65,000 - £69,999	12	9
9	6	8	£70,000 - £74,999	7	3
7	2	7	£75,000 - £79,999	8	2
5	1	6	£80,000 - £84,999	1	2
4	1	4	£85,000 - £89,999	2	1
2	1	2	£90,000 - £94,999	11	-
1	1	1	£95,000 - £99,999	4	1
1	-	-	£100,000 - £119,999	2	-
-	-	-	£120,000 - £124,999	1	-
1	1	-	£125,000 - £134,999	-	-
94	78	90		125	60
					115

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

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	105 126
24	Fees Payable for the Certification of Grant Claims and Returns carried out by the Appointed Auditor for the year	329
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)
138	Total	138 150

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

STATEMENT OF ACCOUNTS 2019/20

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

Description:	Grants are recognised through the Comprehensive Income & Expenditure Statement when the specific conditions of the grants are satisfied. This note details these grants in respect of the Council.
Relevant Accounting Policies:	Accounting Policy 12

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

2018/19 £000s		2019/20 £000s
	Credited to Taxation & Non-Specific Grant Income	
(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)
(83,337)	Total Credited to Taxation & Non-Specific Grant Income	(75,221)
	Credited to Services	
(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)
(267,270)	Total Credited to Services	(266,386)
(350,607)	Total Credited to The Comprehensive Income & Expenditure Statement	(341,607)

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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		
		Central Expenditure	Individual Schools' Budget (ISB)	Total
£000s		£000s	£000s	£000s
(181,311)	Final DSG for Year Before Academy Recoupment			(188,921)
82,667	Academy Figure Recouped for Year			104,547
(98,644)	Total DSG After Academy Recoupment			(84,374)
5,178	Plus: Brought Forward From Previous Year			-
-	Less: Carry Forward To Future Year Agreed in Advance			-
(93,466)	Agreed Initial Budgeted Distribution	(21,341)	(63,033)	(84,374)
(29)	In Year Adjustments	196	(614)	(418)
(93,495)	Final Budgeted Distribution For Year	(21,145)	(63,647)	(84,792)
22,968	Less Actual Central Expenditure	26,369	-	26,369
79,082	Less Actual ISB Deployed To Schools	-	63,647	63,647
(8,555)	Plus Council Contribution For Year	-	-	-
-	Total Carry Forward To Following Year	5,224	-	5,224

Note 17 – Related Parties

Description:	This note explains the relationships that the Council is party to including companies that the Council has an interest in.
Relevant Accounting Policies:	Accounting Policy 15 / Accounting Policy 18
Areas of Critical Judgements Made:	Judgement 3 / Judgement 4 / Judgement 8

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

The Public Sector

Central Government

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

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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 31st March 2020 (£34.331M as at 31st 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:

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

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

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

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

Related Party Transactions:	2018/19 £000s	2019/20 £000s
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:

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

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

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.

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

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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	Oakwell Community Assets Ltd (OCAL)		NPS Barnsley Ltd		Burleigh Court (Barnsley) Management Ltd		Barnsley Estates Partnership Ltd	
Incorporation Date	30 th September 2003		16 th September 2010		20 th May 1992		23 rd 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)	
Financials (P&L):	2017/18	2018/19	2017/18	2018/19	Nov 2017	Nov 2018	2016/17	2017/18
Income	(150)	(112)	(10,443)	(12,052)	(3)	(6)	(1,138)	(1,412)
Expenditure	65	74	10,282	11,979	2	6	838	1,369
(Profit) / Loss	(85)	(38)	(161)	(73)	(1)	-	(300)	(43)
Financials (Bal. Sheet):	2017/18	2018/19	2017/18	2018/19	2017	2018	2016/17	2017/18
Assets	5,790	5,780	3,767	3,584	45	51	5,148	5,436
Liabilities	(1,590)	(1,542)	(2,821)	(2,565)	(45)	(51)	(5,089)	(5,334)
Net Assets	4,200	4,238	946	1,019	-	-	59	102
Reserves	4,200	4,238	945	1,018	-	-	59	102
Total Reserves	4,200	4,238	945	1,018	-	-	-	-
Organisation	Barnsley Local Education Partnership Ltd		Modern Schools Barnsley		BDR (Property) Limited		Municipal Bonds Agency	
Incorporation Date	11 th March 2009		14 th October 2004		3 rd May 1998		3 rd June 2014	
Council Share	10% of the share capital of the company		Has significant influence on the company		6.66% of the share capital of the company		£0.010M shareholding	
Nature of the Activities	The construction and operations of 3 schools in the Barnsley area and ICT services on 11 schools		Finance, design, develop, construct and then maintain and part operate thirteen schools		Management of the joint Waste disposal at Manvers		To provide the Local Government bodies an alternative for borrowing	
Financials (P&L):	2017/18	2018/19	2016/17	2017/18	2016/17	2017/18	Nov 2017	Nov 2018
Income	(2,572)	(2,873)	(7,184)	(6,871)	(139)	(6)	-	-
Expenditure	2,534	2,870	6,380	5,879	3,089	470	1,151	647
(Profit) / Loss	(38)	(3)	(804)	(992)	2,950	464	1,151	647
Financials (Bal. Sheet):	2017/18	2018/19	2016/17	2017/18	2016/17	2017/18	Nov 2017	Nov 2018
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)
Net Assets	288	291	(4,717)	(3,725)	1,736	1,272	795	148
Reserves	288	291	(4,717)	(3,725)	1,736	1,272	795	148
Total Reserves	288	291	(4,717)	(3,725)	1,736	1,272	795	148

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Arrangements Where The Council Is Trustee

Barnsley Business and Innovation Centre Limited

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

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

Barnsley Premier Leisure

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

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

Penistone Grammar School Foundation Trust

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

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

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

Joint Arrangements:

Waste Private Finance Initiative (PFI)

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

Other Arrangements:

Agency Arrangements

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

NOTES PRIMARILY RELATING TO THE BALANCE SHEET

Note 18 – Events After The Balance Sheet Date

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

The 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 31st March 2020, the figures in the financial statements and notes have been adjusted in all material aspects to reflect the impact of this information.

COVID 19 Pandemic

Although as at 31 March 2020 some of the potential financial impacts of the Covid-19 pandemic were known and some actions to address the pandemic were in place by the 2019/20 reporting date, the larger part of the financial impact of Covid-19 will fall into the 2020/21 financial year (where significant levels of emergency Covid funding has been

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STATEMENT OF ACCOUNTS 2019/20

provided to Councils) and beyond. It is recognised that the pandemic is potentially an Adjusting Balance Sheet Event in the content of the 2019/20 Financial Statements, however there is still considerable uncertainty with respect to the progress of the pandemic and of the national recovery and final levels of national support available to mitigate any financial impact. The 2019/20 Financial Statements have been reviewed in light of the pandemic, however it is not possible for the Council to accurately estimate any significant financial implications to the accounts balances or transactions therefore establishing accurate/required material adjustments has not been possible. Detailed notes are included where appropriate within the statements identifying the impact of Covid-19 in 2019/20. For example Key Assumptions on page 143 around COVID-19 impact on land and buildings valuations.

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Government Financial Support

During April, ~~and~~ May and July 2020, the Government announced various financial support packages for local authorities in respect of dealing with the COVID-19 pandemic. These financial arrangements are to be accounted for within the 2020/21 financial year in accordance with the receipt of these monies.

Operating to Emergency Response Plan

Since the 23rd March 2020, when the lockdown measures were imposed on the whole country, the Council has been operating under an Emergency Response Plan in the aftermath of the COVID-19 pandemic.

Note 19 – Property, Plant and Equipment

Description:	Property, Plant & Equipment are assets that the Council uses to provide services to the public. This note shows the value and movement in those assets together with the valuation methodology.
Relevant Accounting Policies:	Accounting Policy 21
Areas of Uncertainty:	Uncertainty Statement 1 / Uncertainty Statement 2 / Uncertainty Statement 5 Uncertainty Statement 6

Field Code Changed

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
Cost or Valuation								
At 1st April 2019	576,038	303,348	11,595	357,990	36,876	3,668	1,289,515	38,072
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	-	-
At 31st March 2020	594,712	321,749	15,537	372,621	70,118	2,928	1,377,665	38,309
Accumulated Depreciation								
At 1st April 2019	(11,443)	(22,544)	(5,886)	(100,699)	-	(3)	(140,575)	(4,630)
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	-	-	-	-	-	-
At 31st March 2020	(14,283)	(20,155)	(6,102)	(108,022)	-	(4)	(148,566)	(4,660)

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Net Book Value								
At 1 st April 2019	564,595	280,804	5,709	257,291	36,876	3,665	1,148,940	33,442
At 31 st March 2020	580,429	301,594	9,435	264,599	70,118	2,924	1,229,099	33,649
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	

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
Cost or Valuation								
At 1 st April 2018	558,575	333,897	13,183	346,504	15,909	4,908	1,272,976	53,304
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	-	-
At 31 st March 2019	576,038	303,348	11,595	357,990	36,876	3,668	1,289,515	38,072
Accumulated Depreciation								
At 1 st April 2018	(15,572)	(29,262)	(7,204)	(94,277)	-	(20)	(146,335)	(5,702)
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	-	-	-	-	-	-
At 31 st March 2019	(11,443)	(22,544)	(5,886)	(100,699)	-	(3)	(140,575)	(4,630)
Net Book Value								
At 1 st April 2018	543,003	304,635	5,979	252,227	15,909	4,888	1,126,641	47,602
At 31 st March 2019	564,595	280,804	5,709	257,291	36,876	3,665	1,148,940	33,442
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	

Depreciation:

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

Capital Commitments:

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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.

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	852,134
2018/19	-	15,198	-	-	-	40	15,238
2017/18	-	18,423	-	-	-	22	18,445
2016/17	-	28,855	-	-	-	-	28,855
2015/16	-	4,352	-	-	-	365	4,717
Gross Book Value	594,712	321,749	15,537	372,621	70,118	2,928	1,377,665

Fair Value Measurement of Surplus Assets:

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

Recurring Fair Value Measurements Using:	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2020 £000s	Accumulated Depreciation £000s	Net Book Value as at 31 st 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
Net Book Value	-	2,928	-	2,928	(4)	2,924

[Balance Sheet](#)

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Quoted Prices in Active Markets for Identical Assets	Other Significant Observable Inputs	Significant Unobservable Inputs	Fair Value as at 31 st March 2019	Accumulated Depreciation	Net Book Value as at 31 st March 2019
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	(Level 1) £000s	(Level 2) £000s	(Level 3) £000s	£000s	£000s	£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
Net Book Value	-	3,668	-	3,668	(3)	3,665

[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 the local authority area. Market conditions are such that similar areas of land or buildings are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Observable Inputs – Level 2 – Income Approach

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

Note 20 – Investment Properties

Description:	Investment Properties are Council assets that are held purely for return and capital appreciation. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy 17
Areas of Critical Judgements Made:	Judgement 7

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

Note 21 – Heritage Assets

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

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

	Ceramics £000s	Art Collections £000s	Other £000s	Total Assets £000s
Cost or Valuation				
At 1st April 2018	594	8,355	1,478	10,427
Additions / Enhancements	-	-	-	-
Disposals	-	-	-	-
At 31st March 2019	594	8,355	1,478	10,427
Additions / Enhancements	-	-	-	-
Disposals	-	-	-	-
At 31st March 2020	594	8,355	1,478	10,427
Net Book Value				
At 31st March 2019	594	8,355	1,478	10,427
At 31st March 2020	594	8,355	1,478	10,427

[Balance Sheet](#)

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2019/20

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 31st March 2020 (nil as at 31st March 2019).

Further Details of Heritage Assets

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 17th century. Most of the collection was acquired in the 18th and 19th centuries from local benefactors. This is a diverse collection of figurines, decorated porcelain vases and dinner service pieces.

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

Art Collection

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

The Council's art collection consists of paintings held at Cooper Gallery totalling £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.

Note 22 – Intangible Assets

Description:	Intangible Assets are non-physical assets, used by the Council. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy 13 Accounting Policy 14

Field Code Changed

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

[Balance Sheet](#)

Note 23 – Assets Held for Sale

Description:	Assets Held for Sale are Council assets that are: <ul style="list-style-type: none"> • Being actively marketed for sale; • Expected to sell in the next 12 months. This note shows the value and movement in those assets.
Areas of Uncertainty:	Uncertainty Statement 5 Uncertainty Statement 2 / Uncertainty Judgement 6

Field Code Changed

2018/19	Current Assets	2019/20
£000s		£000s
4,918	Balance Outstanding at 1st April	5,330
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)
5,330	Balance Outstanding at 31st March	4,108

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2019/20

Fair Value Measurement of Assets Held for Sale:

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

Recurring Fair Value Measurements Using:	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value / Net Book Value as at 31 st March 2020 £000s
Surplus Buildings	-	-	-	-
Surplus Land – Commercial	-	2,348	-	2,348
Surplus Land – Garden Land	-	10	-	10
Surplus Land – Residential	-	1,750	-	1,750
Net Book Value	-	4,108	-	4,108

[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 / Net Book Value as at 31 st 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
Net Book Value	-	5,330	-	5,330

[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
678,170	271,734	949,904	679,809	271,734	951,543
			Opening Capital Financing Requirement		
			<i>Capital Investment:</i>		
285	24,108	24,393	-	20,661	20,661
14,596		14,596			
757	1,141	1,898	33,228	-	33,228
12,606	-	12,606	5,499	4,780	10,279
35,540	406	35,946	15,888	-	15,888
			53,393	572	53,965
			-	-	-

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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
67,751	25,656	93,407	Total Capital Investment	114,950	26,013	140,963
			<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)
(59,243)	(25,656)	(84,899)	Total Resources Utilised to Fund In Year Capital Expenditure	(36,756)	(26,013)	(62,769)
8,508	-	8,508	Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure	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)
(6,869)	-	(6,869)	Total Set Aside to Repay Debt	(6,448)	-	(6,448)
679,809	271,734	951,543	Closing Capital Financing Requirement	751,555	271,734	1,023,289

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

2018/19			Explanation of Movements in Year	2019/20		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000s	£000s	£000s	£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)
1,639	-	1,639	Increase / (Decrease) in Capital Financing Requirement	71,746	-	71,746

Note 25 – Leases

Description:	A lease is a contractual arrangement that allows the lessee the use of an asset, in exchange for consideration to the lessor. This note details the arrangements that the Council is party to which are classed as leases
Relevant Accounting Policies:	Accounting Policy 19
Areas of Critical Judgements Made:	Judgement 1 / Judgement 2 / Judgement 10

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.

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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-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 st March 2019 £000s		31 st March 2020 £000s
23,480	Other Land & Buildings	22,682
2,267	Vehicles, Plant, Furniture & Equipment	3,183
25,747	Total	25,865

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

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

31 st March 2019 £000s		31 st 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
2,392	Minimum Lease Payments	3,440

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

31 st March 2019			31 st March 2020	
Minimum Lease Payments £000s	Finance Lease Liabilities £000s		Minimum Lease Payments £000s	Finance Lease Liabilities £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
2,392	2,221		3,440	3,242

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

STATEMENT OF ACCOUNTS 2019/20

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:

31 st March 2019 £000s		31 st 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
45,103		31,870

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	-
3,640		2,109

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.

STATEMENT OF ACCOUNTS 2019/20

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 st March 2019 £000s		31 st 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
40,176		40,853

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

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

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

The amount released to the Comprehensive Income & Expenditure Account in 2019/20 was £0.003M.

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

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

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
Community Schools:		
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
Community Schools (Continued):		
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
Worsborough 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

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

Note 26 – Private Finance Initiatives and Similar Contracts

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

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

Primary Schools PFI

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

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

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

Local Improvement Financial Trusts (LIFT) Schemes

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

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

Building Schools for the Future (BSF) Programme

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

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

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

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

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

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

Waste PFI

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

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

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

Property, Plant and Equipment

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

Payments

The Council makes an agreed payment each year which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the PFI and similar contracts at 31st March 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	46,872

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Payable Within Two to Five Years	87,475	33,466	72,091	193,032
Payable Within Six to Ten Years	130,931	53,780	71,458	256,169
Payable Within Eleven to Fifteen Years	129,536	73,808	45,533	248,877
Payable Within Sixteen to Twenty Years	73,388	38,017	11,363	122,768
Payable Within Twenty One to Twenty Five Years	2,432	492	42	2,966
Total	444,127	206,569	219,988	870,684

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

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

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

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:	Accounting Policy 5 / Accounting Policy 11
Areas of Critical Judgements Made:	Judgement 5
Areas of Uncertainty:	Uncertainty Statement 5 / Uncertainty Statement 6

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

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

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(782,485)	(103,558)	Total Financial Liabilities	(848,510)	(40,736) Balance Sheet
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* 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)].

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			20,659	22,828			22,828
203			203	155			155
326			326	1,358			1,358
21,188			21,188	24,341			24,341
				Total Expense in Surplus or Deficit on the Provision of Services			
	(1,718)	(52)	(1,770)	-	(1,959)	(207)	(2,166)
	(1,718)	(52)	(1,770)	-	(1,959)	(207)	(2,166)
		263	263			57	57
21,188	(1,718)	211	19,681	24,341	(1,959)	(150)	22,232
				Net (Gain) / Loss for the Year			

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

Prior Year Comparator:

Recurring Fair Value Measurements Using:	20189/1920			
	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2019 £000s
Designated Equity Investments:				
Oakwell Community Assets Limited	-	2,000	-	2,000
Carrying Value	-	2,000	-	2,000
BDR Property Limited (formerly known as Arpley Gas Ltd)	-	405	-	405
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(253)	-	(253)
Carrying Value	-	152	-	152
BSF Programme (Building Schools for the Future)	-	16	-	16
Carrying Value	-	16	-	16
UK Municipal Bonds Agency	-	10	-	10
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(10)	-	(10)
Carrying Value	-	-	-	-

STATEMENT OF ACCOUNTS 2019/20

Total Carrying Value	-	2,168	-	2,168
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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 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:

	Carrying Value as at 31st March 2020 £000s
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
Total Valuation	135,627

[Balance Sheet](#)

Prior Year Comparator:

	Carrying Value as at 31st March 2019 £000s
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
Total Valuation	199,894

[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:

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Recurring Fair Value Measurements Using:	Carrying Value as at 31 st 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 st March 2020 £000s
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)
Total Borrowing	(676,878)	-	(1,198,632)	-	(1,198,632)

[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 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 st 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 st 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)
Total Valuation	(666,269)	-	(992,666)	-	(992,666)

[Balance Sheet](#)

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st 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 st 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)
Total Other Liabilities	(212,368)	-	(336,364)	-	(336,364)

[Balance Sheet](#)

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st 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 st 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)
Total Other Liabilities	(219,773)	-	(363,328)	-	(363,328)

[Balance Sheet](#)

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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 31st 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;
- 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.
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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.

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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.

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 st March 2019 £000s	Aged Debt Analysis:	31 st 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
6,202		6,749

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.

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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	2018/2019 Carrying Value £000s	2018/2019 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	-	-
195,048	100	Total Carrying Value		100

Refinancing Risk

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

The maturity analysis of the carrying amount of the Council's borrowing (including accrued interest) as at 31st March is as follows:

2018/19 Carrying Value £000s	2018/19 Percentage %	Years	2019/20 Carrying Value £000s	2019/20 Percentage %
(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
(666,269)	100	Total	(676,878)	100

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

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

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

Market Risk

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

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

The Council has a number of strategies for managing interest rate risk which are set out in the Annual Treasury Management Strategy. The main control is to set an upper limit on variable interest rate exposures, measured against the Council's **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 31st March 2020.

STATEMENT OF ACCOUNTS 2019/20

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.

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

	£000s
Impact on the Provision of Services (Surplus) / Deficit:	
Increase in Interest Payable on Variable Rate Borrowings	
Decrease in Interest Payable on Variable Rate Investments	(750)
Impact on the Provision of Services (Surplus) / Deficit	(750)
Share of Overall Impact Debited / Credited to HRA	
Share of Overall Impact Debited / Credited to General Fund	(750)
	(750)
Impact on Other Comprehensive Income & Expenditure:	
Decrease in Fair Value of Fixed Rate Investment Assets	-
Impact on Other Comprehensive Income & Expenditure	-
Decrease in Fair Value of Fixed Rate Borrowings (Premature Repayment Rate)	
	(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:	Accounting Policy 16

2018/19	2019/20
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STATEMENT OF ACCOUNTS 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	Balance Outstanding at 1st April	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
141	928	-	1,069	Balance Outstanding 31st March	109	992	-	1,101

[Balance Sheet](#)

[Balance Sheet](#)

Note 30 – Local Taxation Debtors

Description:	Local Taxation Debtors are assets representing the amounts owed to the Council in respect of local taxation (NNDR and Council Tax).
Relevant Accounting Policies:	Accounting Policy 2 / Accounting Policy 3
Areas of Uncertainty:	Uncertainty Statement 4 Uncertainty Statement 5

Field Code Changed

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

Note 31 – Other Short Term Debtors

Description:	Other Short Term Debtors are assets representing the amounts owed to the Council in respect of other debts.
Relevant Accounting Policies:	Accounting Policy 2
Areas of Uncertainty:	Uncertainty Statement 4 Uncertainty Statement 5

Field Code Changed

31 st March 2019				31 st 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)	7,935	Trade Receivables	15,997	(7,776)	8,221
9,443	-	9,443	Prepayments & Accrued Grant Income	23,869		23,869
17,594	-	17,594	Other Receivable Amounts	22,398		22,398
40,647	(5,675)	34,972	Total	62,264	(7,776)	54,488
				Balance Sheet	Balance Sheet	

Note 32 – Short Term Creditors

Description:	Short Term Creditors are financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied and have been invoiced or formally agreed with the supplier.
Relevant Accounting Policies:	Accounting Policy 2 / Accounting Policy 3

31 st March 2019 £000s		31 st March 2020 £000s
(14,496)	Trade Creditors	(6,637)

STATEMENT OF ACCOUNTS 2019/20

(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)
(54,362)	Total	(49,077)

[Balance Sheet](#)

[Balance Sheet](#)

Note 33 – Grants & Contributions Receipts in Advance

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

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the transferor if the conditions are not met. All specific income credited in excess of £0.5M is listed individually in the tables below:

31 st March 2019 £000s	Current Liabilities - Capital	31 st March 2020 £000s
	Capital Grants Receipts in Advance:	
(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)
(8,971)	Total Capital Grants Receipts in Advance	(8,816)
	Capital Contributions Receipts in Advance:	
(8,194)	Section 106 Contributions	(6,840)
(1,582)	Place - Network Rail Contribution	(929)
(977)	Other Contributions	(1,114)
(10,753)	Total Capital Contributions Receipts in Advance	(8,883)
(19,724)	Total Capital Grants & Contributions Receipts in Advance	(17,699)

[Balance Sheet](#)

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

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2019/20

Note 34 – Provisions

Description:	A provision is a liability of uncertain timing or amount. This note details the provisions that the Council has set aside for future obligations.
Relevant Accounting Policies:	Accounting Policy 23
Areas of Critical Judgements Made:	Judgement 6 / Judgement 9
Areas of Uncertainty:	Uncertainty Statement 2 Uncertainty Statement 3

Field Code Changed

	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
Balance at 31st March 2018	(4,234)	(114)	(388)	(4,289)	(100)	-	(13)	(9,138)
Additional Provisions Made in 2018/19	(3,042)	(44)	-	(2,080)	-	(567)	-	(5,733)
Amounts Used in 2018/19	1,012	-	-	253	-	-	-	1,265
Unused Amounts Reversed in 2018/19	2,686	-	-	-	-	-	-	2,686
Balance at 31st March 2019	(3,578)	(158)	(388)	(6,116)	(100)	(567)	(13)	(10,920)
Additional Provisions Made in 2019/20	(2,143)	(25)	-	(213)	-	-	-	(2,381)
Amounts Used in 2019/20	925	-	-	450	-	567	-	1,942
Unused Amounts Reversed in 2019/20	1,254	-	-	-	-	-	-	1,254
Balance at 31st March 2020	(3,542)	(183)	(388)	(5,879)	(100)	-	(13)	(10,105)
Short Term Provisions	-	-	(388)	(5,879)	(100)	-	(13)	(6,380)
Long Term Provisions	(3,542)	(183)	-	-	-	-	-	(3,725)

[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 31st March 2020.

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South Yorkshire Trading Standards

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

Provision for Amendments to The Rating List / NNDR Appeals

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

The total provision on the Collection Fund as at 31st March 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 31st 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 31st March 2015 and terminate the LGYH Admission Body Agreement with the West Yorkshire Pension Fund (WYPF).

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

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

Note 35 – Contingent Liabilities	
Description:	This note outlines the areas by which the Council may incur a potential liability, depending on the outcome of an uncertain future event.
Relevant Accounting Policies:	Accounting Policy 24
Areas of Critical Judgements Made:	Judgement 9

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 31st March 2020 (£34.331M as at 31st 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 31st 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 31st 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:	Accounting Policy 9

Teachers' Pensions Scheme

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

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

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

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

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 1st April 2014 will remain in the NHS Pension Scheme. All new employees will be enrolled into the Local Government Pension Scheme.

The Scheme is a multi-employer defined benefit scheme. The NHS Pension Scheme is an unfunded occupational scheme backed by the Exchequer. In 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.

Note 37 – Defined Benefit Pension Schemes

Description:	A Defined Benefit Pension Scheme is one that is not classed as a Defined Contribution Scheme. This note explains such schemes that the Council has.
Relevant Accounting Policies:	Accounting Policy 9
Areas of Uncertainty:	Uncertainty Statement 3 Uncertainty Statement 4

Field Code Changed

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
		Comprehensive Income & Expenditure Statement:		
		<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	-
9,455	1,083	<i>Financing & Investment Income & Expenditure :</i>	10,446	999
		- Net Interest Cost		
47,434	1,083	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	36,252	999
		<i>Other Post-Employment Benefits Charged to the Comprehensive Income & 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	769,481 871	-
-	-	- 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	-	-
43,789	1,433	Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure *	(67,32960,930)	(3,695)
91,223	2,516	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(31,06924,678)	(2,696)

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

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2020 is a loss of ~~£129,136,123,733~~ M (£197.053M loss as at 31st 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
		Movement in Reserves Statement:		
(47,434)	(1,083)	- 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)	(999)
		Actual Amount Charged Against the General Fund Balance for Pensions for the Year:		
26,030		Employers' Contributions Payable to Scheme	25,762	-
-	2,547	Retirement Benefits Payable to Pensioners	-	2,544
(21,404)	1,464	Net Adjustment to Surplus or Deficit for the Provision of Services	(10,490)	1,545

[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	969,418 963,028	-
(450,259)	(42,881)	Net Liability Arising From Defined Benefit Obligation	(4081,962352)	(37,641)

[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
1,007,881	-	Opening Balance at 1st April	1,045,427	-
25,938	-	Interest Income	24,717	-
31,601	-	<i>Re-measurement Gains and (Losses):</i> - The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	(7076,481871)	-
(361)	-	Administration Expenses	(438)	-
-	-	Business Combinations	-	-
(1,345)	-	Settlements	(12,524)	-
17,061	2,547	Employer Contributions	17,229	2,544
5,895	-	Contributions by Scheme Participants	5,724	-
(41,243)	(2,547)	Benefits Paid	(40,236)	(2,544)
1,045,427	-	Closing Balance at 31st March	969,418963,028	-

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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	28,987 29,179	3.01 3.01
34,604	3.31	Total Cash & Cash Equivalents	28,987 29,179	3.01 3.01
		<u>Equity Instruments:</u>		
149,078	14.26	UK Quoted	142,913 143,862	14.84 14.84
-	-	UK Unquoted	96 97	0.01 0.01
382,522	36.59	Overseas Quoted	355,550 357,909	36.92 36.92
-	-	Overseas Unquoted	-	-
531,600	50.85	Total Equity Instruments	498,559 501,868	51.77 51.77
		<u>Bonds:</u>		
-	-	UK Government Fixed	-	-
135,592	12.97	UK Government Indexed	104,103 104,794	10.81 10.81
28,436	2.72	Overseas Government Fixed	25,424 25,593	2.64 2.64
-	-	Overseas Government Indexed	-	-
49,971	4.78	UK Other	47,766 48,083	4.96 4.96
27,704	2.65	Overseas Other	22,535 22,684	2.34 2.34
241,703	23.12	Total Bonds	199,828 201,154	20.75 20.75
		<u>Property:</u>		
91,370	8.74	UK Direct	77,524 78,038	8.05 8.05
-	-	Overseas	-	-
9,722	0.93	Property Funds	8,764 8,822	0.91 0.91
101,092	9.67	Total Property	86,288 86,860	8.96 8.96
		<u>Other Investment Funds:</u>		
136,428	13.05	Pooled Investment Vehicles	149,366 150,357	15.51 15.51
136,428	13.05	Total Other Investment Funds	149,366 150,357	15.51 15.51
1,045,427	100.00	Total Scheme Assets	963,028 969,418	100.00 100.00

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
(1,383,978)	(42,912)	Opening Balance at 1st April	(1,495,686)	(42,881)
(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

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(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	-	-
(1,495,686)	(42,881)	Closing Balance at 31st March	(1,371,380)	(37,641)

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 ~~Limited 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 31st March 2017 for the period 1st April 2017 to 31st March 2020.

The principal assumptions used by the actuary have been:

2018/19			2019/20	
1 st April	31 st March		1 st April	31 st March
Years	Years	Mortality Assumptions:	Years	Years
23.0	23.1	Longevity at 65 for Current Pensioners (Male)	23.1	22.4
25.8	25.9	Longevity at 65 for Current Pensioners (Female)	25.9	25.2
25.2	25.3	Longevity at 65 for Future Pensioners (Male)	25.3	23.9
28.1	28.3	Longevity at 65 for Future Pensioners (Female)	28.3	27.1
%	%	Other:	%	%
2.1	2.2	Rate of CPI	2.2	2.1
3.35	3.5	Rate of Increase in Salaries	3.5	3.35
2.2	2.3	Rate of Increase in Pensions	2.3	2.2
2.6	2.4	Discount Rate	2.4	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.

Other Considerations

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

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

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

Impact on the Council’s Cash Flows

The objectives of the scheme are to keep employers’ contributions at a 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 16 years. Funding levels are monitored on an annual basis. The latest triennial valuation that the 2019/20 figures is based was completed on 31st 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 31st March 2015. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earning schemes to pay pensions and other benefits to certain public servants.

The Council anticipates 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.

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NOTES PRIMARILY RELATING TO THE CASHFLOW STATEMENT

Note 38 – Cash Flow Statement – Operating Activities

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

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)
172,029	Net Cash (Inflows) / Outflows From Investing Activities	(4,705)

[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
(91,115)	Net Cash (Inflows) / Outflows From Financing Activities	(3,613)

[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
Opening Balance at 1st April	(573,428)	(96,526)	(2,221)	(213,173)	(885,348)
Financing Cash Flows	(72,222)	63,375	621	6,605	(1,621)
Non Cash Changes:					
- Acquisition	-	-	(1,642)	-	(1,642)
- Other Non-Cash Changes	-	57	-	-	57
Closing Balance at 31st March	(645,650)	(33,094)	(3,242)	(206,568)	(888,554)

	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
Opening Balance at 1st April	(526,534)	(47,225)	(2,724)	(219,863)	(796,346)
Financing Cash Flows	(46,894)	(48,463)	411	6,690	(88,256)
Non Cash Changes:					
- Acquisition	-	-	-	-	-
- Other Non-Cash Changes	-	(838)	92	-	(746)
Closing Balance at 31st March	(573,428)	(96,526)	(2,221)	(213,173)	(885,348)

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NOTES RELATING TO OTHER DISCLOSURES

Note 42 – Trust Funds & Other Third Party Funds

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

2018/19 £000s	Trust Funds / Charities	Details	2019/20 £000s
	Sole / Custodian Trustees:		
159	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		-
30,601			33,983
	Other Funds:		
133	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
324			289
30,925	Total Capital Value of Funds		34,272

The assets shown below represent the above fund balances:

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

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](#).

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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 £000s		2019/20 £000s	
	Income		
(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)	
(71,783)	Total Income	(71,970)	CI&ES
	Expenditure		
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	Note E
530	Impairment of Bad Debts	1,901	
22,012	Impairment / (Reversal of Previous Years' Impairments) of Non-Current Assets	20,930	Note F
96	Debt Management Cost	96	
70,965	Total Expenditure	74,882	CI&ES
(818)	Net Cost of HRA Services as Included in the Comprehensive Income & Expenditure Statement	2,912	CI&ES
	HRA Share of Other Operating Income & Expenditure in The CI&ES		
(229)	(Gain) / Loss on Disposal of HRA Fixed Assets	(833)	
(229)		(833)	
	HRA Share of Financing & Investment Income & Expenditure in The CI&ES		
10,158	Interest Payable & Similar Charges	10,374	
1,186	Premium Incurred on Early Redemption of Debt		
(250)	Interest & Investment Income	(306)	
11,094		10,068	
10,047	(Surplus) / Deficit for the Year on HRA Services	12,147	MIRS

MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

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

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NOTES TO THE HOUSING REVENUE ACCOUNT

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

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

31 st March 2019	Analysis of Housing Stock	31 st 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
18,400	Total	18,329

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	-	-
569,731	590,426	Total	590,426	606,678

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 £1.450~~M~~ Billion (1st April 2018 value: £1.405~~M~~ 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
(4,198)	Balance Brought Forward	(10,807)
(12,383)	Credits: In Year Depreciation Charge	(14,886)
(8,944)	Additional Contribution to Major Repairs Reserve	(5,852)
(21,327)		(20,738)
14,718	Debits: Capital Expenditure for HRA Purposes	16,723
14,718		16,723
(10,807)	Balance to Carry Forward	(14,822)

[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
25,656	Total Capital Expenditure Within the HRA	25,858

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	-
6,266	Total	6,550

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
12,383	Total	14,886

Note F – HRA Impairments / Revaluation Losses

Description:	This note shows the charges to the HRA in respect of revaluation losses on assets.
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In the 5 year period between 2012/13 to 2016/17 inclusive, the revaluation/impairment losses incurred against the Council's HRA non dwellings 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	-
22,011	Total	20,930

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.
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There has not been any income or expenditure incurred by the HRA that required the Secretary of State's approval.

Note J – Exceptional Items

Description:	This note details any material, exceptional items within the HRA.
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There have not been any material exceptional items within the HRA in 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			COLLECTION FUND ACCOUNT	2019/20		
COUNCIL TAX	BUSINESS RATES	TOTAL		COUNCIL TAX	BUSINESS RATES	TOTAL
£000s	£000s	£000s	£000s	£000s	£000s	
			INCOME:			
(113,155)	-	(113,155)	Council Tax	(121,165)	-	(121,165)
-	(54,961)	(54,961)	Non-Domestic Rates (Note A)	-	(54,603)	(54,603)
(113,155)	(54,961)	(168,116)	Total Income	(121,165)	(54,603)	(175,768)
			EXPENDITURE:			
			<i>Precepts and Demands on Collection Fund by Major Preceptors & the Council:</i>			
89,712	22,860	112,572	BMBC (Including Parish Council Precepts) (Note C)	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 (Note C)	12,442	-	12,442
4,467	455	4,922	South Yorkshire Fire & Civil Defence Authority (Note A / Note C)	4,686	465	5,151
104,883	25,190	130,073		112,597	25,062	137,659
			<i>Non-Domestic Rates:</i>			
-	22,749	22,749	Payment to Central Government (Note A)	-	23,229	23,229
-	260	260	Cost of Collection Allowance (to BMBC) (Note A)	-	319	319
-	23,009	23,009		-	23,548	23,548
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
2,133	5,172	7,305		4,916	1,029	5,945
			<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
3,579	(62)	3,517		3,094	2,429	5,523
110,595	53,309	163,904	Total Expenditure	120,607	52,068	172,675
(2,560)	(1,652)	(4,212)	(Surplus) / Deficit for Year	(558)	(2,535)	(3,093)
			COLLECTION FUND BALANCE:			
(17,217)	(991)	(18,208)	(Surplus) / Deficit Brought Forward	(19,777)	(2,983)	(22,760)
(2,560)	(1,652)	(4,212)	(Surplus) / Deficit for Year	(558)	(2,535)	(3,093)
(19,777)	(2,643)	(22,420)	(Surplus) / Deficit Carried Forward	(20,335)	(5,518)	(25,853)
			SHARE OF (SURPLUS) / DEFICIT BALANCE:			
(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)
(19,777)	(2,643)	(22,420)	Total	(20,335)	(5,518)	(25,853)

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
	85,151		67,018.250	63,667.338

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

STATEMENT OF ACCOUNTS 2019/20
SECTION 7 - GROUP ACCOUNTS

THE GROUP MOVEMENT IN RESERVES STATEMENT

Movement in Reserves During 2019/20	Useable BMBC Reserves	Unusable BMBC Reserves	Total BMBC Reserves	Other Group Entity Useable Reserves	Other Group Entity Unusable Reserves	Total Other Group Entity Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2019	198,862	(219,001)	(20,139)	13,931	(4,750)	9,181	(10,958)
Total Comprehensive Expenditure & Income	(32,266)	107,798 101,318	75,442 9,052	(3,601)	9,885	6,284	81,726 75,336 Group CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	39,581	(39,581)	-	-	-	-	-
Adjustments Between Group Entity Reserves	-	-	-	4,142	(4,142)	-	-
Net Increase / (Decrease) in 2019/20	7,315	68,127 61,737	75,442 9,052	541	5,743	6,284	81,726 75,336
Balance of Reserves at 31st March 2020	206,177	(150,874) 57,264	55,303 8,913	14,472	993	15,465	70,768 64,378 Group Balance Sheet

Movement in Reserves During 2018/19 (Restated)	Useable BMBC Reserves	Unusable BMBC Reserves	Total BMBC Reserves	Other Group Entity Useable Reserves	Other Group Entity Unusable Reserves	Total Other Group Entity Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2018	197,956	(177,467)	20,489	13,410	6,489	19,899	40,388
Total Comprehensive Expenditure & Income	(45,305)	4,677	(40,628)	(5,390)	(5,328)	(10,718)	(51,346) Group CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	46,211	(46,211)	-	-	-	-	-
Adjustments Between Group Entity Reserves	-	-	-	5,911	(5,911)	-	-
Net Increase / (Decrease) in 2018/19	906	(41,534)	(40,628)	521	(11,239)	(10,718)	(51,346)

STATEMENT OF ACCOUNTS 2019/20

Balance of Reserves at 31st March 2019	198,862	(219,001)	(20,139)	13,931	(4,750)	9,181	(10,958)	Group Balance Sheet
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THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

STATEMENT OF ACCOUNTS 2019/20

2018/19 (Restated)				2019/20		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Net Cost of Services:			
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	40,854	(71,970)	(31,116)
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	-	35,064
904	(49)	855	Penistone Grammar Trust	896	(54)	842
565,320	(398,209)	167,111	Net Cost of Services	574,830	(400,801)	174,029
			Other Operating Income & Expenditure:			
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
44,476	(11,197)	33,279	Total Other Operating Expenditure	18,754	(10,558)	8,196
			Financing & Investment Income & Expenditure:			
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
58,859	(7,188)	51,671	Total Financing & Investment Income & Expenditure	59,522	(6,619)	52,903

Continued overleaf.

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

STATEMENT OF ACCOUNTS 2019/20

2018/19 (Restated)				2019/20		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Taxation & Non Specific Grant Income:			
-	(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)
-	(201,366)	(201,366)	Total Taxation & Non Specific Grant Income	-	(199,261)	(199,261)
668,655	(617,960)	50,695	(Surplus) / Deficit on Provision of Services	653,106	(617,239)	35,867
			Other Comprehensive Income & Expenditure:			
-	(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)	(67,32066.607)	(72,99766.607)
44,061	(43,410)	651	Other Comprehensive Income & Expenditure	786-6,463	(118,379117,666)	(117,593111,203)
712,716	(661,370)	51,346	Total Comprehensive Income & Expenditure	653,892659,569	(735,618734,905)	(81,72675,336)

STATEMENT OF ACCOUNTS 2019/20

GROUP BALANCE SHEET AS AT 31ST MARCH 2020

2018/19 (Restated) £000s		2019/20 £000s	2019/20 £000s
	NON-CURRENT ASSETS		
	Property Plant and Equipment:		
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	
1,178,136			1,261,747
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	
19,375			17,537
1,197,511	Total Non-Current Assets		1,279,284
	CURRENT ASSETS		
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	
247,892	Total Current Assets		200,000
1,445,403	TOTAL GROUP ASSETS		1,479,284
	CURRENT LIABILITIES		
(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		
(185,525)	Total Current Liabilities		(122,164)
	LONG TERM LIABILITIES		
(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	(434,063,440,453)	
(1,270,836)	Total Long Term Liabilities		(1,292,742,86,352)
(1,456,361)	TOTAL GROUP LIABILITIES		(1,408,414,516,906)
(10,958)	GROUP NET ASSETS		70,768,64,378

Continued overleaf

STATEMENT OF ACCOUNTS 2019/20

GROUP BALANCE SHEET AS AT 31ST MARCH 2020 (CONTINUED)

2018/19 (Restated) £000s		2019/20 £000s	2019/20 £000s
	BMBC USEABLE RESERVES:		
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	
198,862	TOTAL BMBC USEABLE RESERVES		206,177
	BMBC UNUSABLE RESERVES:		
(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	(408,352,962)	
(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	
(219,001)	TOTAL BMBC UNUSABLE RESERVES		(150,874,157,264)
(20,139)	TOTAL BMBC RESERVES		55,303,48,913
	OTHER GROUP ENTITY USEABLE RESERVES:		
13,407	- Berneslai Homes Retained Surplus	14,094	
525	- Penistone Grammar Trust – Unrestricted Funds	379	
13,932	TOTAL OTHER GROUP ENTITY USEABLE RESERVES		14,473
	OTHER GROUP ENTITY UNUSABLE RESERVES:		
(34,331)	- Berneslai Homes Pensions Reserve	(32,101)	
29,580	- Penistone Grammar Trust – Restricted Funds	33,093	
(4,751)	TOTAL OTHER GROUP ENTITY UNUSABLE RESERVES		992
9,181	TOTAL OTHER GROUP ENTITY RESERVES		15,465
(10,958)	TOTAL GROUP RESERVES		70,768,64,378

STATEMENT OF ACCOUNTS 2019/20

GROUP CASH FLOW STATEMENT

2018/19 (Restated) £000s		2019/20 £000s	2019/20 £000s
50,695	Net (Surplus) / Deficit on Provision of Services		35,867
	<u>Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:</u>		
(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)	
(168,621)			(99,890)
1	- Taxation Paid		1
	<u>Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:</u>		
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	
36,962			35,847
	<u>Adjustments for Items Not Included in the Net (Surplus) or Deficit on the Provision of Services that are Operating Activities:</u>		
-	- Pension Deficit Upfront Payment	-	-
(80,963)	Net Cash (Inflow) / Outflow From Operating Activities		(28,175)
171,996	Net Cash (Inflow) / Outflow From Investing Activities		(4,791)
(91,115)	Net Cash (Inflow) / Outflow From Financing Activities		(3,613)
(82)	Net (Increase) / Decrease in Cash & Cash Equivalents		(36,579)

Reconciliation and Analysis of Group Cash & Cash Equivalent Balances

2018/19 £000s		2019/20 £000s
45,642	Group Cash & Cash Equivalents as at 1st April	45,724
82	Net Increase / (Decrease) in Cash & Cash Equivalents	36,579
45,724	Group Cash & Cash Equivalents as at 31st March	82,303
	Made Up Of The Following Elements:	
	<u>BMBC Cash & 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
35,391	Total BMBC Cash & Cash Equivalents	68,569
	<u>Other Group Entity Cash & Cash Equivalents:</u>	
91	Bank Current Accounts	2,391
10,242	Short Term Deposits With Financial Institutions	11,343
10,333	Total Other Group Entity Cash & Cash Equivalents	13,734
45,724	Group Cash & Cash Equivalents as at 1st April	82,303

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 (1st April – 31st March).

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

Penistone Grammar Trust

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

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

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

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:

Expenditure / Income	2018/19	2019/20
	£000s	£000s
Expenditure:		
Employee Benefits Expenses	210,810	190,669
Other Services Expenses	281,197	302,257
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
Total Expenditure	668,655	653,106
Income:		
Fees, Charges & Other Service Income	(136,272)	(138,759)
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)
Total Income	(617,960)	(617,239)
Surplus or Deficit on the Provision of Services	50,695	35,867

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 £000s	Redundancy / Severance £000s	Expenses / Allowances £000s	Pension Contributions £000s	Total Remuneration £000s
For Senior Management of the Council, please refer to Note 13					
Berneslai Homes Directors A					526

Post	2018/19				
	Salary £000s	Redundancy / Severance £000s	Expenses / Allowances £000s	Pension Contributions £000s	Total Remuneration £000s
For Senior Management of the Council, please refer to Note 13					
Berneslai Homes Directors A					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 st March 2019			31 st March 2020	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Investments:		
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
4,749	157,040	Total Investments	4,545	57,311
		Debtors:		
2,333	234	Amortised Cost	909	196
2,333	234	Total Debtors **	909	196
		Cash Equivalents:		
-	48,364	Amortised Cost	-	86,358
-	48,364	Total Cash Equivalents *	-	86,358
7,082	205,638	Total Financial Assets	5,454	143,865
		Borrowings:		
(571,563)	(94,707)	Financial Liabilities at Amortised Cost	(645,650)	(31,229)
(571,563)	(94,707)	Total Borrowings	(645,650)	(31,229)
		Other Liabilities:		
(210,947)	(8,851)	Amortised Cost	(202,913)	(9,507)
(210,947)	(8,851)	Total Other Liabilities	(202,913)	(9,507)
(782,510)	(103,558)	Total Financial Liabilities	(848,563)	(40,736)

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

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

Note F - Debtors

Description:	Other Short Term Debtors are assets representing the amounts owed to the Group in respect of other debts.
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31 st March 2019				31 st 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)	8,739	Trade Receivables	15,630	(7,800)	7,830
9,461	-	9,461	Prepayments & Accrued Grant Income	23,931	-	23,931
17,754	-	17,754	Other Receivable Amounts	22,642	-	22,642
41,653	(5,699)	35,954	Total	62,203	(7,800)	54,403

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 st March 2019 £000s		31 st 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)
(52,826)	Total	(49,197)

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
			<u>Comprehensive Income & Expenditure Statement:</u>			
			<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 & Investment Income & Expenditure :</i>			
9,455	621	10,076	- Net Interest Cost	10,446	834	11,280
47,434	6,877	54,311	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	36,252	5,408	41,660
			<i>Other Post-Employment Benefits Charged to the Comprehensive Income & 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 76.871	5,586	76,067 82.457
-	-	-	- 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	-	-	-
43,789	5,349	49,138	Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	(67,320) 60.930	(5,677)	(72,997) 66.607
91,223	12,226	103,449	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	(31,068) 24.678	(269)	(31,337) 24.947

STATEMENT OF ACCOUNTS 2019/20

2018/19				2019/20		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
			Movement in Reserves Statement:			
(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)
			Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
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)	Net Adjustment to Surplus or Deficit for the Provision of Services	(10,490)	(3,447)	(13,937)

Pension Assets and Liabilities Recognised in the Balance Sheet

2018/19				2019/20		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £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	969,418,963,028	116,188	1,085,606,079,216
(450,259)	(34,331)	(484,590)	Net Liability Arising From Defined Benefit Obligation	(4081,352962)	(32,101)	(44034,063453)

Reconciliation of Fair Value of the Scheme (Plan) Assets

2018/19				2019/20		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
1,007,881	112,438	1,120,319	Opening Balance at 1st April	1,045,427	118,931	1,164,358
25,938	3,035	28,973	Interest Income	24,717	2,972	27,689
		-	Re-measurement Gains and (Losses):			-
31,601	3,596	35,197	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	(70,481,76,871)	(5,586)	(76,06782,457)
(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	Closing Balance at 31st March	969,418,963,028	116,188	1,085,606,079,216

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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
(1,383,978)	(136,407)	(1,520,385)	Opening Balance at 1st April	(1,495,686)	(153,262)	(1,648,949)
(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	-	-	-
(1,495,686)	(153,262)	(1,648,949)	Closing Balance at 31st March	(1,371,380)	(148,289)	(1,519,670)

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 31st 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 1st April 2013 changed the way in which the Council accounts for NNDR. The key features of the fund relevant to accounting for Council Tax and National Non Domestic Rates in the core financial statements are:

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

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- 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:

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- 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

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considered when normal recovery procedures have been unable to secure payment. Prior to write-off, all possible action will have been taken to secure the debt, however the extent to which it is pursued is dependent on the amount of the debt and the financial circumstances of the debtor.

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

The Council has a limited number of shareholdings which would typically be measured at FVPL, however the Council has designated these equity investments as fair value through other comprehensive income on the basis that:

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

12. Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Receipts in Advance under liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Net Cost of Services within the Comprehensive Income and Expenditure Statement (for service specific revenue grants) or to the Taxation and Non-Specific Grant Income line (for all capital grants, non-ring-fenced and general revenue grants).

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

13. Heritage Assets (Tangible and Intangible)

The Council's Heritage Assets are held in various locations across the Borough. These assets are held to increase people's knowledge, understanding and appreciation of the Borough's history and local area.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policy on Property, Plant and Equipment (see Accounting Policy 21 below). However some of the rules are relaxed in relation to Heritage Assets as detailed below:

- All of the Heritage Assets are deemed to have an indeterminable life with a high residual value and therefore the Council does not consider it appropriate to charge depreciation on these assets;

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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, Intangible 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 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is

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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, Infrastructure Assets and Intangible Assets are fully depreciated down to nil based on their economic useful lives but remain on the Council's asset register until the following year. At this time, these assets are written out of the Council's books in terms of gross book value and the accumulated depreciation on the basis of prudence. Individual services may still hold the asset but due to the immaterial nature of the values involved, they are removed accordingly, based on the accounting policy for disposals as outlined below.

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of

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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.

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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 31st March 2020 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

No	Item	Uncertainties
1	Non-Current Assets (Depreciation)	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.
2	Non-Current Assets (Valuations)	The Council's non-current assets are required to be carried at an up to date valuation. The Council adopts a rolling programme of works that captures all assets within the recommended 5 year period. In addition to this, the Council also reviews the largest 100 assets in terms of valuation, which covers a large proportion of the total asset value.
3	Provisions	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 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.
4	Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be

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		applied.
5	Arrears	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.
6	Fair Value Measurements	<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 & 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 Note 19, Note 23 and Note 27 respectively.</p>

COVID-19 Uncertainty

Due to the COVID-19 pandemic, a significant element of uncertainty is inherent in these accounts as a result. The table below explains the most significant ones:

No	Item	Uncertainties
1	Non-Current Assets (Valuations)	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 reliably assess the impact, though it is appreciated that any impact will be born in 2020/21. As a result, the valuer has included a "material valuation uncertainty" statement in their valuation certificate as per RICS Red Book Global.
3	Statutory Debt - Arrears	In respect of statutory debt (Council Tax and Business Rates), the collectability of those debts at the 31 st March 2020 is more uncertain than normal. The Council has assessed this in terms of the Collection Fund and considers the amounts set aside for bad debts to be prudent at this time.
4	Other Debt - Arrears	In respect of sundry debt and the long term loans that the Council holds, again, the collectability of those debts at the 31 st March 2020 is more uncertain than normal. The Council has therefore taken this into consideration when assessing what level of provision to provide for in respect of these debts.
5	Pension Valuation	The general uncertainty in the pension liability calculation at year end is highlighted in the table above. Further uncertainty is introduced as a result of the COVID-19 pandemic. The short time between the outbreak of COVID-19 in mid-March and the year end, and the impact on the various assumptions have been captured in the Council's pension liability position provided by the Actuary. The pension liability position still remains an uncertainty in terms of the Council's accounts and will be reviewed ongoing as is normal practice.

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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
FRS 25 – Financial Instruments: Presentation	FRS 25	FRS 26 – Financial Instruments: Recognition & Measurement	FRS 26
FRS 29 – Financial Instruments: Disclosures	FRS 27	FRS 102 – The Financial Reporting Standard Applicable in the UK	FRS 102

International Accounting Standards (IAS)

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

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International Financial Reporting Standards (IFRS)

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

International Financial Reporting Interpretations Committee (IFRIC)

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

Standing Interpretations Committee (SIC)

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

International Public Sector Accounting Standards (IPSAS)

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

STATEMENT OF ACCOUNTS 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 1st 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 1st 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

Great Britain Legislation
1 Local Government and Housing Act 1989 (<i>including HRA in England and Wales</i>)
2 Local Government Finance Act 1992 (<i>Council tax</i>)
3 Waste and Emissions Trading Act 2003 (<i>Landfill allowances</i>)
England & Wales Legislation
1 Local Government Act 1972
2 Superannuation Act 1972 (<i>Pension funds</i>)
3 Local Government Finance Act 1988 (<i>General Fund and Collection Fund</i>)
4 Local Government and Housing Act 1989
5 School Standards and Framework Act 1998 (<i>School balances</i>)
6 Transport Act 2000
7 Education Act 2002 (<i>Dedicated Schools Grant</i>)
8 Local Government Act 2003, Part 1 (<i>Capital finance and accounts</i>)
9 Local Government Act 2003, Part IV (<i>Business Improvement Districts</i>)
10 Waste and Emissions Trading Act 2003
11 Public Audit (Wales) Act 2004
12 National Health Service Act 2006
13 National Health Service (Wales) Act 2006
14 Planning Act 2008 (<i>Community Infrastructure Levy</i>)
15 Business Rate Supplements Act 2009
16 The Local Audit and Accountability Act 2014
17 The Accounts and Audit (Wales) Regulations 2014 (Welsh SI)

BARNSLEY MBC

NARRATIVE REPORT

EXECUTIVE SUMMARY



2019/20 NARRATIVE REPORT EXECUTIVE SUMMARY

Executive Summary

This executive summary is designed to assist the understanding of the readers of the accounts in respect of explaining the financial position of the Council, what each of the core financial statements are showing and why they have changed, and how ultimately the Council has performed financially, for the 2019/20 financial year.

What The Council Spent in 2019/20 – Day to Day (Revenue)

The Council spent a net £162.2M on providing services to the public during 2019/20. Compared with the budget for the year £169.1M, this represented an underspend of £6.9M. Of this, the Council has approved to earmark (set aside for a specific purpose) £5.0M to increase the Council's minimum working balance which is the amount held by the Council in case of any unforeseen event. The remaining £1.9M was also earmarked to assist with the helping the Borough to recover from the impacts of COVID-19.

The Council also underspent on its housing revenue account by £2.4M. This account relates specifically to the costs of providing Council houses within the Borough. Of this underspend, and similar to the above for general services, the Council agreed to increase the housing minimum working balance by £1.8M with the remaining £0.6M earmarked for housing related COVID-19 recovery costs.

Further information is provided in the narrative report to the accounts and the Council's 2019/20 [201920 Corporate Revenue Final Accounts Summary.pdf](#) available at www.Barnsley.gov.uk.

COVID-19 Impact

The Covid 19 Pandemic took hold of the country in the final few weeks of 2019/20. Whilst this did not have much of an impact on the Council's financial position during 2019/20, it is having a significant impact during 2020/21.

The position recently reported to Cabinet shows an overall additional cost of around £42M (£24M additional costs and £18M fall in income). Further information is provided below.

In addition, the Council's valuers have issued a 'material uncertainty' statement along with their valuation certificate. This means that due to the Covid pandemic, they cannot place 100% reliability on the valuations provided due to the increased level of uncertainty in respect of the variables that affect valuation techniques.

The Council's Reserves Position

Where the Council generates a surplus against its budget, the cumulative amount is held within reserves until required in the future. The Council's total reserves as at the end of 2019/20 totalled £165.7M split between general reserves of £133.9M and housing reserves of £31.8M. These reserves are earmarked for specific, one off projects/initiatives. A detailed breakdown can be found in Note 6 to the accounts.

2019/20 NARRATIVE REPORT EXECUTIVE SUMMARY

What The Council Spent in 2019/20 on Major Investment Projects (Capital)

In addition to the day to day cost of running the Council highlighted above, the Council also has a capital investment plan relating to major projects across the Borough. The Council spent £141M on such projects in 2019/20. This included:

- the Glassworks project (£55M);
- the purchase of Westgate Plaza (£18M);
- investment in its infrastructure (roads) network (£13M); and
- investment in its Council houses (£13M).

The Glass Works

The Council's major town centre redevelopment "The Glass Works" made significant progress during 2019/20 with the full opening of the Market and Market Kitchen, Library @ the Lightbox and a new public realm in the town centre.

Covid 19 has resulted in a slight delay in completion of the scheme which is now set to fully open in Autumn 2021 (as opposed to Summer 2021). This delay can be managed within the existing programme and no additional construction costs are anticipated at this stage.

Whilst the high street has suffered both pre-Covid and ongoing, the letting of the Glass Works remains buoyant with two new retailers (TK Maxx and Diechmann) recently announced. The leasing strategy remains under constant review as the development progresses to full opening next year and beyond and will be updated as and when required.

The Council's Cash Flow / Treasury Activities

The Council holds a debt (borrowing) portfolio that has been used to pay for capital investment over recent years totalling £671M at the end of 2019/20. The largest proportion (£525M) of this relates to debt held with the Government (Public Works Loan Board) with £50M of debt with other local authorities. The remaining £96M relates to debt with other financial institutions such as banks.

The Council's Treasury Management strategy is to lock into fixed rate interest rates to provide certainty over the costs and guard against interest rate rises in the future.

The Council's Capital Financing Requirement measures the amount that the Council needs to borrow and at the end of the year, this totalled £787M excluding Finance Leases / PFI deals. This is expected to rise over the medium term (3 to 5 years) due to the approved capital investment, which indicates that there is a further need to borrow approximately £70M over this period, in line with the Council's Treasury Management Strategy.

The Council also utilises any surplus cash balances held by placing it in a prudent investment portfolio. The value of these investments stood at £132M at the end of the year. The balances are across short term deposits (£57M) and Instant Access Accounts (£75M).

The Council's strategy is to make prudent investment deposits with reputable institutions / local authorities and with money market funds that are highly liquid i.e. they can be withdrawn quickly as required.

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.

<u>Management Accounts</u>	<u>Budget</u>	<u>Actual Expenditure After Statutory Carry Forward</u>	<u>(Under) / Over Spend</u>	<u>Explanation</u>
	£M	£M	£M	
Children's Services	36.579	36.321	(0.258)	The directorate underspent in year mainly to do with staff vacancies
Place	39.900	39.909	0.009	Home to School Transport and Waste overspent but this was offset by staff vacancies and increased income
Adults & Communities	62.862	59.495	(3.367)	The underspend related to the early delivery of future years planned savings and unexpected receipt of one off funding
Public Health	7.506	5.664	(1.842)	The underspend relates to staff vacancies and unspent money carried forward from 2018/19 no longer required
Core Services	(4.078)	(4.615)	(0.537)	The underspend was due to a delay in the appointment to new directorate structures
Corporate Services	142.769	136.774	(5.995)	
Corporate Services	26.294	25.381	(0.913)	This underspend was a result of the lower cost of borrowing (e.g. low interest rates)
General Fund	169.063	162.155	(6.908)	

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 How is the Council Funded?

The Council's expenditure is funded from a variety of sources. The table overleaf shows the level of corporate, non-specific funding received by the Authority in 2019/20:

	£M
Revenue Support Grant	12.745
Business Rates	22.814
Business Rates Top Up Grant	32.240
Council Tax	97.677
Section 31 Grants	3.587
Total	169.063

Over the year the Council underspent on the delivery of its General Fund services. This totalled **£6.9M**. The Council also spent £36M of reserves previously earmarked. It has been agreed that **£1.9M** of the underspend be earmarked to support the COVID-

2019/20 NARRATIVE REPORT EXECUTIVE SUMMARY

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.

The Council's Housing Revenue Account, which records all costs and income associated with council housing, also underspent by **£2.4M**. **£0.6M** of this underspend has been set aside to support the recovery from Covid 19 with the remaining **£1.8M** increasing the HRA's minimum working balance.

The Council's Reserves Position 2019/20

As at March 2020, the Council held a total of £134M in General Fund reserves and £32M of HRA reserves. These two amounts include a Minimum Working Balance which is set aside in case of emergency as well as money set aside to support the delivery of key priorities. The table below breaks these amounts down further:

General Fund Reserves	As at 31st March 2020	HRA Reserves	As at 31st March 2020
	£M		£M
Minimum Working Balance	20.000	Minimum Working Balance	7.000
Total General Reserves	20.000	Total General Reserves	7.000
Glassworks Scheme	15.208	Specific Housing Growth Schemes including St Michaels and Billingley Housing Developments	19.228
Future Council Capital Priorities including Principal Towns, and Property Investment Fund	24.872	Welfare Reform	3.000
Insurance Fund Reserve	6.703	Review of 30 Year Business Plan	0.874
Other Capital Priorities	4.000	COVID-19 Financial Recovery	0.590
Future Demography / Social Care Pressures	10.000	Electrical Testing	0.552
PFI / BSF Programme	6.014	New Build Bungalows	0.381
MRP Future Years	6.023	Other	0.192
COVID-19 - Recovery Strategy	1.909		
COVID-19 - Grant	6.736		
Service Specific Earmarkings including Schools' Balances, Area Councils Monies and Unspent Grant Income	32.410		
Total Earmarked Reserves	113.875	Total Earmarked Reserves	24.817
Total General Fund Reserves	133.875	Total HRA Reserves	31.817

The Impact of COVID-19

As mentioned the Covid 19 Pandemic started during the final few weeks of 2019/20. The pandemic had very little impact on the Council's 2019/20 accounts (£1.4M incurred on the Council's Covid related response) but is already having a significant impact on the delivery of Council Services during 2020/21 and beyond.

The position reported recently shows an overall cost of £39.8M. This position is constantly changing especially as the country faces a second wave of the virus and potentially enters a further lockdown either locally in Barnsley or on a national scale. The table below provides further details of this cost.

To date Government have provided funding in the region of £22.6M to help cover the additional cost incurred.

Further funding is also potentially available via the Fees and Charges Compensation Scheme which allows local authorities to claim for an element of fees and charges income lost due to the pandemic though the exact amount is yet unknown.

Regardless of this the Council faces a significant financial pressure during 2020/21 as a result of the pandemic. This will likely worsen should a second wave of the virus take hold later in the year. As such in June 2020 the Council agreed the Covid 19 Recovery & Renewal Strategy accompanied by a Financial Recovery Strategy. These two documents can be found online at this link - [Recovery & Renewal Strategy](#).

The Council continues to assess the ongoing implications of Covid 19 in terms of the delivery of services, linked to the Recovery and Renewal Strategy, and has amended its governance arrangements accordingly. Details of these arrangements can be found in the Council's Annual Governance Statement (AGS), which is published alongside the Statement of Accounts.

Hard copies of these documents can be provided on request.

Specifically the Financial Recovery Strategy implemented a moratorium on all non-essential expenditure and new proposed investment has been instigated.

This moratorium follows three main steps:

- i. Review and delay all investment yet to start;
- ii. Review of all BAU procurement events and defer/stop where necessary;
- iii. Moratorium on all non-essential expenditure.

As a result the above some £42M of planned new investment was placed on hold (£17M has subsequently been released). The Council is also anticipating a £1.5M underspend (as at end of June) on non-essential business as usual expenditure.

The 2020/21 Quarter 1 corporate monitoring position reported a revised estimated impact on the Council totalling a net £15.7M during 2020/21 – the table below explains the detail:

In October 2020, South Yorkshire was placed into Tier 2 in terms of the Government's latest restriction tier system. The Council is currently working through the implications of this announcement. In

NARRATIVE REPORT – EXECUTIVE SUMMARY

in addition, it is also accordingly planning for the potential impact and implications on the Council, of moving into Tier 3 in the future.

Type	Estimated Impact in 2020/21 £M
Additional Expenditure:	
Adult Social Care	10.1
Children’s Services	1.0
Vulnerable	1.1
Supplier Relief	2.3
Outbreak Control	1.6
Other (Including PPE, additional Waste costs etc)	5.9
Sub Total – Additional Expenditure	22.0
Lost Income:	
Core Income (Business Rates/ C Tax)	9.2
Fees and Charges	8.6
Sub Total – Lost Income	17.8
Total Cost of COVID 19	39.8
Government Support	(22.6)
Anticipated BAU underspend in 2020/21	(1.5)
Remaining Deficit to be Addressed	15.7

In addition, the Government has also launched the Fees and Charges Compensation Scheme which allows local authorities to claim for an element of fees and charges income lost due to the pandemic. The Council has an active claim with the MHCLG but as at the time of writing, the final financial recompense due is unknown.

The estimated impact of Covid 19 on the Council’s financial position is constantly changing representing the national position of the pandemic.

The impact in respect of 2021/22 and beyond will be captured by the Council’s 2030 Plan and updated Medium Term Financial Strategy (MTFS).

This will impact on a number of things including:

- service delivery and consideration of different methods of delivery;
- major projects that the Council is involved in;
- the cost of running services;
- income collection;
- the wider community and economy; and
- Council employees.

Further detail can be found in the 2020/21 Quarter 1 Financial Performance report here [Quarter 1 2020/21 Corporate Finance Performance Report](#)

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.

Asset Categories	2019/20 £M
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
Total	141.0

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

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

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

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

£12.5M on highways maintenance

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

Funding Source	2019/20 £M
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
Total	141.0

Treasury Management Activities

The Council's total external debt outstanding as at 31st March 2020 stood at **£671M**, an increase of £11M since the start of the financial year (£660M as at 1st April 2019). The breakdown is shown below:

Debt Type	As at 1 st April £M	Movement £M	As at 31 st March £M
PWLB Borrowing	573.7	(48.3)	525.4
Other Long Term Loans	55.0	40.0	95.0
Temporary Loans	2.0	(1.0)	1
Longer Term Local Authority Loans	29.5	20.0	49.5
Total	660.2	10.7	670.9

The Council's total treasury investments as at 31st March 2020 stood at **£132M**, a reduction of £63M since the start of the financial year (£195M as at 1st April 2019). The breakdown is shown below:

Investment Type	As at 1 st April £M	Movement £M	As at 31 st March £M
Short Term Deposits	156.5	(99.5)	57.0
Money Market Funds / Instant Access Accounts	38.1	36.9	75.0
Total	194.6	(62.6)	132.0

NARRATIVE REPORT – EXECUTIVE SUMMARY

The Council has operated within the prudential and treasury indicators set out in the agreed strategy and in compliance with its Treasury Management Practices.

NARRATIVE REPORT – EXECUTIVE SUMMARY

The Council's Statement of Accounts

The Council has a legal obligation to report its financial affairs in the form called "a statement of accounts". This represents the accounting / economic cost of providing services to the public. These accounts are governed by CIPFA and the Council must comply with CIPFA's Accounting Code of Practice which is in line with the International Financial Reporting Standards.

The Council is also governed by law in terms of what can and cannot be charged to the Council Tax / Rent payer, which is the basis on which the management accounts are based.

There can, and often is, a significant difference between these two formal financial positions with the Council's management accounts reflecting the funding position and the statement of accounts represents the accounting position. Within the accounts, there are a number of adjustments disclosed that reconcile one position to the other.

The Four Main Accounting Statements – Key Messages

The four core accounting statements within the Statement of Account and that underpin the financial reporting framework are:

- **The Movement in Reserves Statement** – this demonstrates how the Council's reserves have moved during the financial year;
- **The Comprehensive Income & Expenditure Statement** – this explains the movement on the balance sheet from one year to the next and represents the accounting cost of providing services to the public; and
- **The Balance Sheet** – this demonstrates the Council's financial position at the start and end of the financial year;
- **The Cash Flow Statement** - this shows how the Council's cash position has changed during the year.

The Four Main Statements – Key Messages / Explanations

The Movement in Reserves Statement

- The Council's useable reserves have increased over the financial year from £199M to £206M, an overall increase of £7M;
- The Council's general fund and housing reserves have been reduced by an overall £1.5M as a result of planned use of reserves on capital investments with a healthy £166M remaining at the year-end, split between general fund of £134M and housing £32M respectively, although it should be noted that majority of this balance is earmarked for future priorities;
- The Council's other useable reserves at the end of the financial year include as yet unspent capital receipts from the sale of fixed assets (£17M), Major Repairs Reserve which is a reserve ringfenced for capital investment on Council dwellings (£15M) and Unspent Capital Grants received for specific purposes (£9M).

NARRATIVE REPORT – EXECUTIVE SUMMARY

The Comprehensive Income & Expenditure Statement

- The accounting cost of the Council for the financial year was a net £32M and made up of the following:
 - The accounting cost, net of specific grants, of direct service provision to the public was £171M for the year;
 - Other operating expenditure totalled £8M which relates primarily to the net loss on the sale of fixed assets;
 - The Council incurred a net £52M on financing and investment activities which relates to the servicing the Council's debt portfolio, the interest cost incurred on the Council's pensions deficit, offset by the interest returns and dividends from the Council's investment portfolio;
 - Taxation and non-specific grants received totalled (£199M), including Council Tax (£99M), Local Business Rates (£25M) and capital grants recognised (£25M).
- Other comprehensive income and expenditure totalled (£101M) for the year which relates to the impact of the change in key assumptions of the actuary relating to the Council's pension deficit (£61M) and movements on the revaluation of fixed assets (£40M).
- The total movement on the balance sheet, a betterment of £69M, is shown as a gain on the bottom of this statement and explains that movement from one balance sheet position to the other.

The Balance Sheet

- The Council's net worth (the net position of what the Council owns/owes) improved by £75M;
- The Council's portfolio of **Property, Plant & Equipment** increased by £80M as a result of:
 - The Council's capital investment programme added a value of +£104M including £55M on the Glassworks scheme and £18M on the acquisition of Westgate Plaza;
 - The Council reviews the value of its significant assets annually to reflect market conditions and the net revaluation of these assets was an increase of £26M in 2019/20. This was made up of revaluation upwards of +£48M which predominately relates to the increase in the value of council houses which are uplifted annually in line with relevant industry indices, offset with revaluations downwards of (£22M) including (£12M) relating to the downward valuation on the Glassworks scheme where the value to the Council has reduced in comparison to the construction cost incurred (mainly due to aspects within the overall construction cost not adding value e.g. contractors profit / site preparation works / abnormal costs)
 - the Council's valuers have issued a 'material uncertainty' statement along with their valuation certificate. This means that due to the Covid pandemic, they cannot place 100% reliability on the valuations provided due to the increased level of uncertainty in respect of the variables that affect valuation techniques;

NARRATIVE REPORT – EXECUTIVE SUMMARY

The above is then netted down by:

- The consumption of the assumed use of the assets in the year (depreciation) of (£34M); and
 - Disposal of assets in the year of (£16M), including (£5M) council house sales and – (£10M) schools transferring to academy status.
- The Council’s portfolio of **Short Term Investments and Cash Balances** reduced by a net £66M which was a result of using these cash/investment balances to pay for an element of the capital investment programme. The move to more liquid, instant access funds also reflects the movement from Short Term Investments to Cash, in line with the Council’s Investment Strategy.
 - The Council’s **Pension Liability** has reduced by £42M during the year, to £408M. This movement is primarily as a result of changes in the pension fund’s assumptions, specifically in relation to the reduction in CPI, life expectancy, the rate of pensions growth and the rate of salary growth. All of which result in an overall reduction in terms of ongoing pensions obligations;
 - It should be noted here that the £408M pension deficit position is based on the accounting basis and is valued on a different basis to the funding position, which is currently showing a minor deficit and is factored into the Council’s financial plans. The reason for this is to allow comparability across all organisations on an accounting basis as they use a standard methodology approach for the discount rate that’s used in the calculations.

The Cash Flow Statement

- The Council’s cash and liquid investment balances increased by £33M during the year;
- The cash flow statement shows the movement in these balances across three headings:
 - **Operating Activities** – An overall cash inflow of £25M on day to day service provision, including the receipt of COVID related grants in 2019/20;
 - **Investing Activities** – An overall cash inflow of £5M on investing activities which relates to cashing out longer term investments of £101M and receiving capital receipts and capital grants in the year of £36M, offset with cash payments in relation to the capital investment programme of £133M; and
 - **Financing Activities** – An overall cash inflow of £4M on financing activities which relates to the impact of an increase in net external borrowing of £11M offset with repayments of PFI and lease liabilities in year of £7M.

The above statements are provided in summary below together within the main Statement of Accounts.

The Financial Accounts

The financial accounts are significantly different to the Management Accounts as they are prepared for two different purposes, one to comply with the Law (Management Accounts) and one to comply with the accounting regulations (Financial Accounts). In order to convert the Management Accounts into a set of financial accounts, a number of accounting adjustments are required.

There are a number of notes included within the Statement of Accounts to assist the reader in terms of explaining the relationship between the two bases.

The Expenditure and Funding Analysis (EFA) and Note 1 are key to this understanding. The table below (**The Expenditure & Funding Analysis in the Accounts**) takes the management accounts, 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)
Net Cost of Services	91,619	79,558	171,177
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)
(Surplus) / Deficit on Provision of Services	(38,287)	70,553	32,266
Below the Line Items	39,783	(39,783)	-
TOTAL	1,496	30,770	32,266
Split Between:			
General Fund	(3,761)	23,880	20,119
Housing Revenue Account	5,257	6,890	12,147
TOTAL	1,496	30,770	32,266

NARRATIVE REPORT – EXECUTIVE SUMMARY

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 breaks down the **Accounting Adjustments** into type:

<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)	13,987
Place	33,658	1,489	73	35,220
Housing Revenue Account	20,930	-	-	20,930
Adults & Communities	3,443	884	16	4,343
Public Health	-	344	11	355
Core Services	3,260	1,290	151	4,701
Corporate Services	-	21	1	22
Net Cost of Services	71,118	8,578	(138)	79,558
Other Operating Income & Expenditure	7,760	-	-	7,760
Financing & Investment Income & Expenditure	-	10,446	-	10,446
Taxation & Non Specific Grant Income	(25,289)	-	(1,922)	(27,211)
Difference Between General Fund Surplus or Deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	53,589	19,024	(2,060)	70,553
Below the Line Items	(30,613)	(8,534)	(636)	(39,783)
TOTAL NET EXPENDITURE	22,976	10,490	(2,696)	30,770

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

Adjustments for Capital Purposes:

These adjustments relate to the use of and funding of the Council's fixed assets. For example:

- the cost of the depreciation (the use of a property to deliver services) of the Council's fixed assets is shown in the **financial accounts** but not in the **management accounts**. This is because Local Government Accounting Law states that these costs shouldn't be charged to the tax payer.

Adjustments for Pensions:

These adjustments relate to the adjustments required to account for pensions costs correctly. For example:

- The **management accounts** should be charged with the annual actual cost of pension contributions. But the **financial accounts** should be charged with the cost of the pension **earned** in year rather than what is paid. Therefore, the actual cost of pensions is removed and replaced with the earned pension cost.

Other Adjustments:

These adjustments are differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute. For example:

- The charge representing 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.

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. These 4 statements are:

1. 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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Movement in Reserves During 2019/20								
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
Balance of Reserves at 1st April 2019	130,114	37,074	15,071	10,807	5,796	198,862	(219,001)	(20,139)
Total Comprehensive Expenditure & Income	(20,119)	(12,147)	-	-	-	(32,266)	101,318	69,052
Adjustments Between Accounting Basis & Funding Basis Under Regulations	23,880	6,890	1,739	4,014	3,058	39,581	(39,581)	-
Net Increase / (Decrease) in 2019/20	3,761	(5,257)	1,739	4,014	3,058	7,315	61,737	69,052
Balance of Reserves at 31st March 2020	133,875	31,817	16,810	14,821	8,854	206,177	(157,264)	48,913

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.

NARRATIVE REPORT – EXECUTIVE SUMMARY

2. 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** as explained above.

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)
(Surplus) / Deficit on Provision of Services	650,339	(618,073)	32,266
Other Comprehensive Income & Expenditure	6,375	(107,693)	(101,318)
Total Comprehensive Income & Expenditure	656,714	(725,766)	(69,052)

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 running the Council;
- **Other Comprehensive Income & Expenditure** – Accounting adjustments that relate directly to movement in unusable reserves that do not have any effect the General Fund / Housing Revenue Account.

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
Expenditure:		Income:		
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			
Total	650,339		(618,073)	32,266

NARRATIVE REPORT – EXECUTIVE SUMMARY

3a. The Balance Sheet (The Net Worth)

This statement shows the financial position as at the 31st March, compared to the position as at 1st 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
1,148,940	PROPERTY & EQUIPMENT	1,229,099	+80,159
18,406	OTHER LONG TERM ASSETS	16,683	(1,723)
	CURRENT ASSETS		
5,330	Assets 'Held for Sale'	4,108	(1,222)
156,926	Short Term Investments	57,197	(99,729)
1,069	Inventories	1,101	+32
37,337	Short Term Debtors	54,788	+17,451
35,391	Cash & Cash Equivalents	68,569	+33,178
236,053	Total Current Assets	185,763	(50,290)
1,403,399	TOTAL ASSETS	1,431,545	+28,146
	CURRENT LIABILITIES		
(94,707)	Short Term Borrowing	(31,229)	(63,476)
(8,851)	Other Short Term Liabilities	(9,507)	+656
(54,362)	Short Term Creditors	(49,077)	(5,285)
(7,184)	Provisions	(6,380)	(804)
(21,954)	Grant Receipts in Advance	(25,851)	+3,897
(187,058)	Total Current Liabilities	(122,044)	(65,014)
	LONG TERM LIABILITIES		
(571,563)	Long Term Borrowing	(645,650)	+74,078
(210,922)	Other Long Term Liabilities	(202,861)	(8,061)
(3,736)	Long Term Provisions	(3,725)	(11)
(450,259)	Retirement Benefit Obligations	(408,352)	(41,907)
(1,236,480)	Total Long Term Liabilities	(1,260,588)	+24,108
(1,423,538)	TOTAL LIABILITIES	(1,382,632)	(40,906)
(20,139)	NET ASSETS / (LIABILITIES)	48,913	+69,052

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

- Additions **+£104M** including **£55M** on Glassworks & **£18M** on the purchase of Westgate Plaza;
- Depreciation **(£34M)** for the consumption of the Council's assets;
- Revaluations **+£26M = +£47M** increases including **£32M** on Council Houses and **(£21M)** decrease including **(£12M)** on Glassworks;
- Disposals **(£16M)** including **(£10M)** school transfer to Academy and **(£5M)** Council House sales.

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

- Investments have been cashed in to help pay for the cost of the capital programme and to make the investments more liquid.

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

- Increase in debtors due to a number of grants owed to the Council but not yet paid, including those related to Covid-19.

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 (£41.9M)
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.

The overall reduction of the liability of **£42M** is as a result of:

- **£61M reduction** in liability as a result of changes to Actuary assumptions on CPI, life expectancy, pensions growth & salary growth all reducing;
- **£9M increase** in liability as a result of pensions earned being more than contributions paid;
- **£10M increase** in liability as a result of the net cost of interest added on the assets/liability.

Movement on Balance Sheet

NARRATIVE REPORT – EXECUTIVE SUMMARY

3b. 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 indication of 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	
	USABLE RESERVES:			
130,114	- General Fund	133,875	+3,761	(1,496) Management Accounts
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	
198,862	TOTAL USABLE RESERVES	206,177	7,315	
	UNUSABLE RESERVES:			
(2,714)	- Capital Adjustment Account	(24,780)	(22,066)	Movement on Balance Sheet
61	- Deferred Capital Receipts Reserve	60	(1)	
(12,693)	- Financial Instruments Adjustment Account	(12,057)	+636	
(458,793)	- Pensions Reserve	(408,352)	+50,441	
(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	
(219,001)	TOTAL UNUSABLE RESERVES	(157,264)	+61,737	
(20,139)	TOTAL RESERVES	48,913	+69,052	

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 above.

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.

NARRATIVE REPORT – EXECUTIVE SUMMARY

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

4. 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.

	2019/20 £000s
Net (Surplus) / Deficit on Provision of Services	32,266
Adjustments to Financial Accounts for Non-Cash Movements:	(92,973)
Adjustments for Non-Operating Activities:	35,847
Net Cash (Inflow) / Outflow From Operating Activities	(24,860)
Net Cash (Inflow) / Outflow From Investing Activities	(4,705)
Net Cash (Inflow) / Outflow From Financing Activities	(3,616)
Net (Increase) / Decrease in Cash & Cash Equivalents	(33,178)

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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Item 7



BARNSELEY
Metropolitan Borough Council

Core Directorate
Neil Copley; BA (Hons), CPFA
Service Director Finance
(S151, Chief Finance Officer)

Grant Thornton UK LLP
No 1 Whitehall Riverside
LEEDS
LS1 4BN

My Ref: NC / PD / NW
Your Ref:
Date: 20th October 2020
Enquiries Neil Copley
Direct 01226 773237
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26 November 2020

Barnsley Metropolitan Borough Council

Financial Statements for the year ended 31 March 2020

This representation letter is provided in connection with the audit of the financial statements of Barnsley Metropolitan Borough Council and its subsidiary undertakings, Berneslai Homes Limited and Penistone Grammar Trust for the year ended 31 March 2020 for the purpose of expressing an opinion as to whether the group and Council financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and applicable law.

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

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

- vii. Except as disclosed in the group and Council financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the group and Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Council financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- xi. The financial statements are free of material misstatements, including omissions.
- xii. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xiii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiv. We have updated our going concern assessment and cashflow forecasts in light of the Covid-19 pandemic. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that current and future sources of funding or support will be more than adequate for the Council's needs .We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

Information Provided

- xv. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Council via remote arrangements, in compliance with the nationally specified social distancing requirements established by the government in response to the Covid-19 pandemic. from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

- xxii. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

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

Narrative Report

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

Approval

The agreement of this letter of representation was minuted by the Council's Audit Committee at its meeting on 28 October 2020 and was approved and signed at the full Council meeting on 26 November 2020.

Yours faithfully

Name.....

Name.....

Position.....

Position.....

Date.....

Date.....

Signed on behalf of the Council

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