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MEETING:	Audit and Governance Committee
DATE:	Wednesday, 28 July 2021
TIME:	3.30 pm
VENUE:	Council Chamber, Barnsley Town Hall

AGENDA

Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 20*)

To receive the minutes of the meeting held on the 2nd June, 2021.

Items for Discussion/Decision

3. Draft 2020/21 Statement of Accounts (*Pages 21 - 172*)
4. CIPFA Consultation on the Prudential and Treasury Management Codes (*Pages 173 - 208*)
5. Annual Governance Statement (Draft) 2020/21 (*Pages 209 - 242*)
6. Internal Audit Committee Progress Report 2021/22 (*Pages 243 - 256*)
7. Strategic Concerns/Risk Register - Update and presentation by the Executive Director Children's Services (*Pages 257 - 260*)
8. Complaint and referral to the Local Government and Social Care Ombudsman (*Pages 261 - 274*)
9. External Audit - Final Audit Plan 2020/21 (*Pages 275 - 300*)

Items for Information

10. Covid - 19 - update by the Executive Director Core Services
11. Audit Committee Work Plan (*Pages 301 - 304*)
12. Exclusion of the Public and Press

To consider if the public and press should be excluded from this meeting during the consideration of the following items because of the likely disclosure of exempt information.

Item for Information

13. Update on the Glassworks Project and Wider Town Centre Improvements (*Pages 305 - 328*)

Reason restricted:

Paragraph (3) Information relating to the financial or business affairs of any

particular person (including the authority holding that information)

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

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

Sarah Norman, Chief Executive

All Executive Directors

Shokat Lal, Executive Director Core Services

Neil Copley, Service Director 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

Council Governance Unit – 3 copies

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

Tuesday, 20 July 2021

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 2 June 2021
TIME:	4.00 pm
VENUE:	The Civic, Barnsley - The Civic

MINUTES

Present Councillors Loftis (Chair), Barnard, Hunt and Richardson together with Independent Members - Ms K Armitage, Mr S Gill, Mr P Johnson and Mr M Marks

1. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

2. MINUTES

The minutes of the meeting held on the 14th April, 2021 were taken as read and signed by the Chair as a correct record.

3. APPOINTMENT OF VICE CHAIR

RESOLVED that Mr S Gill be appointed Vice Chair of this Committee for the ensuing year.

4. DATA PROTECTION AND INFORMATION GOVERNANCE COMPLIANCE - PRESENTATION

Mr R Winter (Data Protection Officer) and Ms S Hydon (Head of Service Design and Compliance) gave a presentation which presented a 6-monthly update on Data Protection and Information Governance Compliance.

The presentation covered four themes, Records Management, Incident Management, Smart Working and Cyber Security. Mr Winter outlined the Data Protection issues identified within each area and Ms Hydon outlined the procedures and processes that had been put in place to ameliorate any issues or concerns.

Particular reference was then made to the following:

- Records Management:
 - The digitisation of records
 - The general review needed by Business Units
 - Physical records held in Council buildings
 - The impact on the ability to respond promptly to Freedom of Information and Subject Access requests
 - An audit to be undertaken of records management and document retention in 2021/22

The benefits of homeworking meant that there was less use of paper which meant there was less likely to be a records/data breach and records were being digitised where possible.

The Council currently had 22,200 boxes of documentation currently in storage as well as a significant amount of microfiche. The digitisation of these documents was ongoing.

Work was also ongoing to index digitised records so that they were easily retrievable, and the Records Manager was looking at retention of records so that those no longer needed were destroyed securely.

The Information Asset Management Record had been updated so that the location of and information about records held was known.

Shared and network drives had been migrated into SharePoint with appropriate naming conventions making it easier and quicker to retrieve information.

Mandatory Training had been provided and elements of records management were included within Information Governance Training.

A new approach 'Easy File' had been developed in relation to employee/HR records. The Data Protection Impact Assessment Template had been updated to include records management.

- Incident Management
 - There were still relatively low numbers and were decreasing but there was always room for learning and improvement
 - The majority of incidents related to 'disclosure in error' by email and post
 - The Data Protection Officer would review this area during 2021/22 to ensure that the response by Business Units was appropriate, timely and avoided repeat incidents

The number of breaches this quarter was from this quarter last year. This may be attributable to home working where it was sometimes easier to concentrate with fewer distractions or the fact that people were using paper less. There was, however, still the chance of emails going amiss.

The use of the IT DigITal Hub meant that incidents were easily reported so that appropriate action could be initiated by the Information Governance Team. A brief outline of the action taken to give support and reassurance to staff was outlined and it was noted that staff were mortified that such a mistake had been made.

All lessons learned were captured and this informed future actions.

The Service had a good relationship with the Information Commissioner in relation to significant breaches, although this was very rare.

Appropriate training was provided for Elected Members and officers every 8-2 weeks and focused on any areas of concern. In addition, a mandatory training dashboard had been introduced which allowed managers to identify who and who had not done training on time.

An Incident Dashboard enabled managers and Service Directors to see breaches or near misses.

In order to address emails being sent to the wrong recipient, an intelligence had been built into the email client which provided a prompt and questioned whether or not the recipient was correct.

- Smart Working - the Smart Working initiative which had been in place had been expedited as a result of the pandemic and this had highlighted some important Data Protection and Information Governance issues and linked to records management. As a result, the policies and guidance around smart working were under review

Smart Working was a corporate programme and how Information Governance Supported that was around policies. The Mobile Device policy had been reviewed and a new 'Bring your own device' policy had just been approved which would be launched later in the summer.

The concept of 'Barnsley is our office' was becoming embedded and as part of that all IT devices had been updated and a lot of work had been undertaken around digital skills and giving people the right skills and tools to work anywhere safely.

- Cyber Security
 - Hackney, Redcar and Cleveland Councils had been victims of significant cyber security attacks
 - Staff were usually the gateway to such incidents
 - Phishing, whaling and password security issues were areas where there was a need to be vigilant, to minimise risks and train people to be aware of vulnerabilities
 - The Data Protection Officer was currently undertaking an assurance review focusing particularly on the first 12 months of the Data Security Strategy to examine how effective it had been and examining whether the key milestones had been achieved

This was an area of key focus. The Hackney, Redcar and Cleveland Councils had been hit by a ransomware attack and it had taken several months for all the systems to be all brought back on line and even today they were still experiencing issues with some legacy systems.

Generally speaking cloud hosting solutions were found to be more robust to attack and in the Council a 'Cloud Where Appropriate' Strategy had been adopted and SAP, one of the most critical systems, was being migrated over from a legacy system.

All the Security Team were Microsoft assured/cloud accredited which gave additional assurance.

A new Information Security Management Solution had been introduced and this linked to the contracts register so should any suppliers make any changes to their systems the Council would know about it and could be assured that there was no impact on the security systems and controls in place.

PSN (public Service Network) was the main accreditation tool and ensured that secure systems were in place. Any areas that failed the PSN test had either been upgraded or their use discontinued.

Succumbing to a Phishing attack was generally one of the Key areas of vulnerability and one of the easiest ways to allow cyber criminals onto any network. Users were tested regularly and phishing and whaling campaigns were undertaken. Subsequent to the exercises, anyone clicking on the links in error were advised of what they should have done and were required to undertake a mandatory training course.

The Service had also undertaken a password cracking exercise recently to test compliance with the Council's Password Policy.

Finally, the Service had signed up to the National Cyber Security Centre initiatives which assisted with proactive monitoring and early warning of issues.

The Data Protection Officer then gave a brief overview of DPO Assurance Reviews planned and DPO activity undertaken during 2020/21.

In the ensuing discussion, the following matters were highlighted:

- The Data Protection Officer reported that either he or Internal Audit undertook assurance reviews where these were not of a technical nature. Regular penetration testing and numerous health checks were undertaken throughout the year. External accreditation providers were used including central government
- Staff were encouraged to use the 'bcc' function in emails to prevent third party email addresses being given out inadvertently. The Egress security system issued prompts in relation to this
- Last year the authority stopped over 8,000 phishing and cyber attacks and these came from all over the world. One had been successful but had been stopped immediately
- The Council would always follow National Cyber Security Centre guidance and not look to pay a ransom. The main focus was to stop an attack in the first place and to have business continuity arrangements in place should they be needed
- There were no repeat individual offenders although there had been repeat incidents from Teams. This was largely human error and additional training was always provided. If an individual continued to do something wrong that would be taken up as a capability issue. Previous concerns raised with the Information Commissioner had all come back with no action recommended as the processes and procedures in place were seen to be robust
- The Executive Director Core Services briefly reported on the plans being prepared for agile working following the easing of lockdown. A hybrid approach was being adopted to allow a mix of home and office-based working. These plans were being prepared within the context of the need to secure and sustain the economy of the town. A set of principles was being devised entitled 'Barnsley is our office' but it was recognised that for some professions home working was not and never had been an option. It was unlikely that the former ways of working would resume exactly the same as before the

pandemic and the authority was looking at the future use of office space and potential savings to be made

- Reference was briefly made to the arrangements in place and being introduced in order to ensure data and information security in relation to remote working

RESOLVED that the presentation be received and noted and that Mr Winter and Ms Hydor be thanked for attending and for answering Members questions.

5. INTERNAL AUDIT INTERIM ANNUAL REPORT 2020-21

The Head of Internal Audit, Anti-Fraud and Assurance submitted his interim annual report on the adequacy and effectiveness of the Authority's Internal Control Arrangements based on the work of Internal Audit for 2020/21 which had been prepared in accordance with the Public Sector Internal Audit Standards.

In order to comply with these Standards, the report provided:

- An opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and control
- A summary of the audit work undertaken to formulate the opinion
- Details of key control issues identified which could be used to inform the Annual Governance Statement
- The extent to which the work of other review or audit bodies had been relied upon.

Appendices to the report provided a summary of Internal Audit reports for the year, details and outcome of other Audit Activities, projects and work currently in progress, agreed management actions and the Financial Year End Performance Indicators 2020/21.

The report indicated that based on the overall results of Internal Audit work undertaken to date, together with the management's implementation of recommendations, and despite the fact that the plan had changed significantly throughout the year because of the pandemic, the indicative opinion given was a reasonable (positive) assurance. This was based on an agreed programme of risk-based audit coverage that had enabled a valid indicative assurance opinion to be provided.

There was clearly a positive culture in the Council to explore where control and governance improvements could be made, and it was important that this culture remained and focused on maintaining an appropriate risk-based and effective framework of controls as the authority continued to respond to and recover from the Covid 19 pandemic and as it worked towards the Barnsley 2030 vision.

The key results from all completed audits had been reported previously within the Internal Audit progress reports and these were summarised in this report. Throughout the year the Committee had also been made aware of progress in the implementation of audit report recommendations.

The current draft Audit Plan for 2021/22 focussed on supporting management to consider the approach to controls in the context of the impact of Covid 19.

In the ensuing discussion, the following matters were highlighted:

- There was a discussion of whether or not the Council should be striving for substantial assurance rather than reasonable and this was placed within the context of affordability. There were pockets of the Council that were very well controlled and got a substantial assurance. The overall aim, however, was for Internal Audit to identify improvements and a less than substantial opinion might be given as areas for improvement had been identified. The issue then was how management embraced those opportunities for improvement and judgements had to be made about the risks inherent with what was found versus the cost of the controls that could be implemented. The External Auditor felt that it was important that management was encouraged to ask Internal Audit to look at areas where there was a potential issue and for a list of recommendations to be issued and a limited assurance grading given in an open and transparent culture rather than to detract from management not wanting to ask for such reviews.
- Information was provided about the outcome of the two reports into Procurement Compliance and the action taken to ensure that practice and understanding required was embedded. This provided a good example of where Internal Audit was brought in for advice and support to what was a known and existing problem. It was noted that the issues identified had been addressed
- Background information was provided about the lack of declaration of interests by NPS Barnsley Ltd and the issue around the blurring of client/contract arrangements. This had not been a serious or irregular issue and had now been addressed. The issue had contributed in part to the decision to end the previous arrangements
- Reference was made to the increase in the number of reports issued during the year and to the significant increase in the number of reasonable assurances given particularly compared to the previous two years. It was reported that the figures were skewed slightly because of the work undertaken on Covid which had increased the number of reports by 15. The Committee had seen sight of these before and all had received a reasonable assurance. There had been more pieces of work undertaken but this could vary year on year dependent upon the Audit Plan and the size and type of the work undertaken. It was hoped that this was a trend going forward as it was hoped that more assurance reports would be undertaken in future
- There had been no change in the methodology or criteria for the audit assessment that would impact on the 'grading' of the assurance opinion given

RESOLVED:-

- (i) that the assurance opinion provided by the Head of Internal Audit, Anti-Fraud and Assurance on the adequacy and effectiveness of the Authority's framework of governance, risk management and control be noted; and
- (ii) that the key issues arising from the work of Internal Audit in the context of the Annual Governance Statement be noted.

6. INTERNAL AUDIT CHARTER 2021-24

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report prefacing the Internal Audit Charter 2021-2024 which had been prepared in accordance with the Public Sector Internal Audit Standards (PSIAS) and which provided a reminder of the key aspects of the Internal Audit Function and gave assurance regarding how the Internal Audit Function was resourced, managed, organised and delivered its responsibilities.

It was reported that the Charter had been reviewed by the assessor who was undertaking the external quality assessment which was commencing next week. He had commented that this was an exemplar Charter and he had been given permission to use it when asked by other Internal Audit Teams what a good Charter looked like. The Head of Internal Audit, Anti-Fraud and Assurance was, therefore, satisfied that the requirements of the PSIAS had been met.

The Charter remained largely unchanged from the previous version with the exception of a few minor adjustments. It had been written in a generic manner and would be shared with other client organisations following this meeting.

RESOLVED that, being satisfied that Charter meets the requirements of the Public Sector Internal Audit Standards and adequately represents and describes the required function to provide this Committee and Senior Management with a professional service, the Internal Audit Charter, be approved.

7. CORPORATE ANTI-FRAUD TEAM ANNUAL REPORT - 2020/21

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing an account of counter fraud related activity undertaken by the Internal Audit Corporate Anti-Fraud Team during the period 1st April, 2020 to 31st March.

In 2020/21 the Team had a total budgeted plan of 600 days, however, as part of the Council's response to the Covid pandemic, two members of the Team had been redeployed to other council departments for a total of 101 days. Preventative anti-fraud work undertaken totalled 319 days, reactive investigations totalled 236 days and a further 50 days related to time provided by Internal Audit colleagues in respect of business support grant assurance.

The report provided a summary of activity together with the outcome in relation to corporate pro-active counter fraud activity, National Fraud Initiative work and reactive work undertaken during the year. An appendix to the report provided a summary of the reactive work undertaken.

In the ensuing discussion, the following matters were highlighted:

- There was a discussion of the work undertaken in relation to the misuse of the Blue Badge scheme and to the reasons for the decision by the courts not to proceed with prosecutions and to the subsequent actions taken
- Arising out of the above, further information would be provided for Members on the number of blue badges in use. Information was also provided on the

way in which validity checks were made to ensure that such badges were still valid and being used correctly

- Good progress had been made on the checks undertaken in relation to small business and retail, hospitality and leisure grants but nearly 700 were left to check. In response to specific questioning the Head of Internal Audit, Anti-Fraud and Assurance gave a brief overview of how this work was undertaken

RESOLVED:

- (i) That the Annual Fraud report be received and the continued progress made in the development of effective arrangements and measures to minimise the risk of fraud and corruption be noted; and
- (ii) That the embedding of a culture of zero tolerance and high levels of awareness regarding fraud and corruption continue to be supported.

8. ANNUAL GOVERNANCE STATEMENT ACTION PLAN UPDATE

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report on the progress made with the completion of the actions identified as part of the Annual Governance Review 2019/20 and confirming that any actions that remained outstanding would be included in the Annual Governance Statement Action Plan 2020/21.

The Annual Governance review process for 2019/20 had comprised a facilitated self-assessment with each Business Unit. The key outcomes of these assessments identified the strengths, areas for enhancement and areas for improvement and these later areas were included in a governance action plan which formed part of the Annual Governance Statement and was detailed within Appendix 1 to the report. Progress against the Action Plan had been regularly considered by this Committee with the last report being submitted to the March meeting when it was noted that the majority of the actions had been completed.

Outstanding Actions, which would be included in the 2020/21 AGS Action Plan (if they hadn't subsequently been completed at the time of publication), were outlined within Appendix 2 to this report.

Arising out of the discussion, reference was made to the training on phishing awareness which is was noted was mandatory for all employees and Elected Members.

RESOLVED that the progress being made against each item listed in the Annual Governance Statement Action Plan and the proposal to carry forward any outstanding actions to the Annual Governance Statement Action Plan 2020/21 be noted.

9. ANNUAL RISK MANAGEMENT REPORT

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report summarising the risk management activity over the last 12 months which contributed to the assurances the Committee required as part of the Annual Governance

Statement Process. The report also took a forward look at the work planned for the current financial year.

The report outlined the background to the change of approach to risk management, the findings of the Annual Governance Review 2019/20 which confirmed the change needed to the risk management approach and system, the development of the new Risk Management System and work planned for the remainder of the year. It was also noted that the new Strategic Risk Register had been considered by Cabinet this morning and this had also re started the process of bi-annual reviews of strategic risks by Cabinet.

As part of the wider remit of the Committee to receive presentations from Executive Directors and to be able to check and challenge them on strategic risks within their, Members received their first presentation from Wendy Lowder, Executive Director Adult Social Care and Communities on the risks associated with Community Cohesion and she made particular mention of the following:

- Why was Community Cohesion a strategic risk?
 - The potential Covid-19 related issues and legacy tensions
 - The potential impact of national asylum seeker accommodation which could be exacerbated by local hotel use
 - The potential lack of tolerance amongst the settled population which was exacerbated by increased tensions related to Brexit or other socio-economic pressures
 - Some risks could be outside the authority's control in which case the service tried to use its influence and build positive relationships to best effect
- How was the risk managed?
 - Predominantly via the Safer Barnsley Partnership including the Partnerships own Risk Register which was overseen by the Partnership Board
 - The Community Tolerance and Respect thematic Partnership Group and the refreshed leadership team that was looking at this theme
 - The development of the refreshed Community Tolerance and Respect Plan
 - The development of new Community Tolerance and Respect measures
- Examples of recent risk activity and risk mitigations included
 - The establishment of new Chairs for Community Tolerance and Respect
 - A refreshed membership of the Community Tolerance and Respect Group
 - A refreshed Community Tolerance and Respect Delivery Plan
 - The recruitment of Community Champions volunteers to reach into diverse communities
 - The continued challenge over Mears property acquisition on grounds of cohesion
 - The success in securing £127,000 from the MHCLG which was helping to build on the community engagement approach which involved working really closely with a whole variety of organisations and groups
 - One of the areas for more work included developing the intelligence picture for the area working in partnership with the Business Intelligence Unit

- The work of Area Councils and Ward Alliances was particularly valuable as it was through those community activities that were organised that enabled people together and where they could become more familiar with alternative cultures

In the ensuing discussion the following matters were highlighted:

- The Head of Internal Audit, Anti-Fraud and Assurance stated that the issues highlighted within the presentation today and how they were reflected within the new Risk Management Dashboard would be demonstrated at a future training/awareness session
- The Executive Director Adult Social Care and Communities commented on the advantages that the new risk arrangements brought which she felt was less onerous than the previous arrangements. It allowed the Senior Management Team and Business Units to have ownership of the risks within their particular areas
- In response to specific questioning the Executive Director Adult Social Care and Communities gave details of the background to the Mears property acquisitions and the challenges this brought.
- Arising out of the above and in response to specific questioning, reference was made to the way in which risks of community conflict were minimised within the wider community. Reference was made to the work with Migration Yorkshire and the dialogue with the Home office and with lead offices throughout the region to identify and tackle community cohesion issues. There was a need to build and foster relationships between all parties to ensure the best outcomes for all

RESOLVED:

- (i) That the report be noted, and the assurances given regarding the Councils governance arrangements be noted as part of the 2020/21 Annual Governance Statement process; and
- (ii) That Wendy Lowder, Executive Director Adult Social Care and Communities be thanked for her presentation, for attending the meeting and for answering Members questions.

10. EXTERNAL AUDIT - PROGRESS REPORT AND SECTOR UPDATE

Mr G Mills representing the Council's External Auditor (Grant Thornton) submitted a report giving details about their work as at 23rd April, 2021, outlining the Audit Deliverables together with a Sector Update summarising emerging national issues and developments.

The report had been circulated well in advance of the meeting in view of two key items that were of a potentially sensitive nature.

The first issue related to the proposed increase in audit fees for 2020/2. It was reported that because of the ongoing impact of the additional work required on significant risk areas of the audit such as the valuation of Property, Plant and Equipment as well as on Pensions, together with the new Value for Money Code and

the requirements of the revised International Standards on Accounting the proposed fee for 2020/21 was £180,218 compared to £144,718 in 2019/20. Whilst this was a significant increase on the PSAA scale fee of £104,718, it reflected the very different environment auditors were now working in compared to when the audit tender was bid for in 2017.

It was also pointed out that both the Redmond Review and the Ministry of Housing, Communities and Local Government (MHCLG) had recognised the need to increase audit fees and, in this context, £15m had been made available to local authorities to support the expected uplift in fees for 2020/21. Grant Thornton had 40% of the local authority market and the proposed increases across the sector equated to 40% of the funding made available to local authorities to cover the uplift. Whilst consultation was still ongoing in relation to the uplift fee, and the Section 151 Officer had responded to that, it was understood that the increase in fees for Barnsley for 2020/21 would be covered by the allocation from the £15m funding pot.

This matter had also been discussed with the Section 151 Officer and further details of the 2020/21 audit fee would be included within the Audit Plan to be submitted over the summer. It was not anticipated, however, that there would be a further uplift in the remaining three years of the current audit contract.

The second key issue related to the projected completion dates for the audit this year. The MHCLG had set an indicative date of 30th September, 2021 for audited local authority accounts (two months earlier than the previous year). Given the difficulties encountered within the audit 'market' in relation to local authority audits as well as the impact of the Covid pandemic (as reported in previous meetings) all of which had caused delays, Mr Mills believed that this target was unrealistic although he was fully supportive of this in a 'normal' year. In addition, it was also noted that the Council's Finance Team was also under considerable pressure to deal with the production of the annual accounts alongside other commitments as the deadline for this year was 31st July, 2021 (one month earlier than the previous year). Grant Thornton were, therefore, proposing to target completing their audit fieldwork on the accounts in October before dealing with completion tasks and targeting signing off in November.

It was accepted that the prospect of 'missing' the deadline was a new experience for Barnsley, and Mr Mills was keen to make it clear that this was absolutely Grant Thornton's call and not a reflection in any way of the Council's finance Team or the Council as a whole. Delivering a robust and high-quality audit was the priority and he did not believe pushing to hit an unrealistic deadline would support this. The indicative timetable detailed within the report was consistent with the message being given to other local authorities across the Grant Thornton client base.

Where an audit was ongoing after the statutory deadline all that was required was a short statement on the Council's website stating that the audit remained ongoing and that the Council was continuing to engage with the external auditor to complete their audit. There was no naming of authorities that missed the deadline and no financial penalty arising from it.

Mr Mills then briefly commented on the timetable for the revised Value for Money Audit which it was hoped would be discussed with the Senior Management Team before Christmas and by this Committee in January 2022.

The Service Director Finance (Section 151 Officer) understood the rationale and reasons behind the proposed increase in audit fees and, therefore, endorsed that increase. He was not, however, entirely happy with the proposed elongation of the audit process. He fully accepted Grant Thornton's position and the issues they were facing, however, there was a potential danger that the delay may be perceived by external organisations and members of the public as there being some kind of issue with the Council's accounts.

Mr Mills accepted these concerns which had been discussed with the Service Director prior to this meeting. He would ensure, however, that reference to this and the reasons for this were made clear within the Audit Plan and within the ISO 260 report. He reiterated that this was in no way a reflection on the Finance Team or the Council and he was just being realistic about what was deliverable within the timescales given the increased levels of documentation and quality required as well as the availability of staff to hit those deadlines. The report submitted to this meeting was similar to ones submitted (or to be submitted) to other authorities so it was clearly demonstrated that Barnsley was in the same position as all other authorities within the Grant Thornton client base and indeed with all other public sector auditors in the country.

The concerns and difficulties around local authority audits in 2020/21 and the general state of local authority market (as flagged within the Redmond Review) had been discussed at a recent Public Accounts Committee and details of that discussion could be provided.

There was a level of sympathy for the Council's position given that they too had shortened deadlines and increased work but were still going to meet the revised timescales. Questions were asked as to whether or not Private Companies would face similar situations or whether they would have their audits signed off on time. Mr Mills stated that we was not able to comment in detail given that he did not work within that sector, however, he understood that they had faced similar challenges and if the Audit Director/Partner was not in a position to deliver an audit by a particular timescale due to resourcing and the need for audit quality then they wouldn't do it and this was where Grant Thornton Public Sector Audit Team was coming from. The delivery of public sector audits by the deadline of 30th September was not achievable and these comments and concerns had been previously highlighted with the MHCLG who had not been in agreement to change the date. There would, therefore, be a large number of Councils and particularly single tier ones like Barnsley whose audits would be outstanding at the end of September and would be signed off some time between October and the end of November.

There was a discussion of the issues identified within the Redmond Report and the lack of availability of public sector auditors and it was noted that there may be a greater level of resource to deal with private/commercial sector audits.

In response to specific questioning the Service Director Finance stated that the change in the timetable would have little impact on the Finance Team as the intention was to comply with all the required timescales. As previously stated, his concerns were at how the delay would be perceived outside the Council by business and residents. Arising out of this reference was made to the profiling of the delivery of the

audit of local authorities by Grant Thornton given the finite level of resources that were available.

Mr Mills commented on the current position with regard to the recruitment of public sector auditors and to the difficulties being encountered due to the lack of local authority specialists.

RESOLVED:

- (i) That the External Audit progress report and Update be received;
- (ii) That the increase in audit fees be noted; and
- (iii) That this Committee reluctantly accepts the revised timetable for the signing off of the audit which in no way is a reflection on the Service Director Finance and his Team.

11. SICKNESS ABSENCE ANNUAL REPORT 2021/21

The Service Director Human Resources and Communications submitted a report outlining the Council's position with regard to sickness absence for the financial year 2020/21. It provided a comparison and summary for the financial year 2019/20 and an assurance of the mitigating actions and improvements that were in place or were being developed to reduce sickness absence levels and to support the health and wellbeing of employees.

The absence levels identified showed total days lost per employee of 7.77 days for 2020/21 (inclusive of days lost to Covid) compared to 7.98 in 2019/20 and that the target for the year was 6 days.

The report gave a comparison with councils across the region which indicated that apart from one other Council, Barnsley had the lowest number of days lost. In providing an analysis of the reasons for absence throughout the year, the report indicated that the main reason for absence was due to mental health including stress, anxiety and depression. In addition, information from the CIPD Health and Wellbeing at Work Report 2021 stated that the latest figures from the Office of National Statistics (ONS) had shown that Covid-19 had accounted for 14% of sickness absence since April 2020 but that whilst the pandemic had led to additional sickness absence, measures such as furloughing, social distancing, shielding and increased homeworking appeared to have helped reduce other causes of absence, allowing the general downward trend of previous years to continue.

The report also gave details of the number of days lost for the Yorkshire and Humber region for 2020/21, outlined the ways in which sickness absence was managed in Barnsley (utilising the Absence Reporting Dashboard that had been launched in August 2020), the use of Wellbeing initiatives and the work of the Wellbeing Stakeholder Group in identifying and implementing actions to support employee health and wellbeing.

It was noted that the Service had implemented a raft of measures to deal with sickness absence and to support employees and it was pleasing to report that the Authority had recently won the silver Wellness at Work Award and this gave an

assurance that the Service was performing well and that interventions were put in place as appropriate. The Service Director commented that the Service was never complacent and reported to SMT on a regular basis and examined all initiatives possible to bring the absence rates down.

In the ensuing discussion the following matters were highlighted:

- It was noted that the ONS website indicated that the average number of days lost per employee was 3.6 days and question were, therefore, asked as to why Barnsley's target was 6 days. The Service Director commented on the reasons for this. He stated that the Chartered Institute for Personnel Development benchmarking figure for local authorities was 8 days and the Barnsley target was below that. In addition, the target was being reviewed but had been challenging and the plateauing out of sickness levels over the last four years had demonstrated that Barnsley benchmarked really well with other authorities particularly in the Yorkshire and Humber region. The ONS figure was for the private sector which were very different organisations with different roles and sick pay schemes, and it was, therefore, difficult to compare between the two
- It was noted that the comparisons with other authorities gave details captured via the Yorkshire and Humberside regional group and whilst it would have been nice to receive information from other metropolitan councils, this information had not been available at the time of the preparation of the report
- In response to specific questioning, the Service Director outlined the action taken when an employee went off sick and he made particular reference to muscular skeletal injuries that had increased. The Service was checking to see if there were any particular issues behind this increase. It might, however, have arisen due to homeworking where people might not have been working as safely as they could have. Managers were targeted with ensuring that their staff were working correctly and had the appropriate equipment to do their jobs

RESOLVED that the report be received and Mr M Potter, Service Director Human Resources and Communications be thanked for attending the meeting and for answering Members questions.

12. PROPERTY AND ASSETS GOVERNANCE ANNUAL REPORT - PRESENTATION

Mr D Sturrock, Head of Property made a presentation on the way in which the Authority dealt with property. He felt that this presentation was quite pertinent given the recent revelations in relation to the way in which Liverpool City Council dealt with land and property. He also wanted to give the Committee an assurance that Barnsley's approach to property was well embedded prior to those revelations being highlighted.

The presentation covered the following key areas:

- Key areas

- Asset valuation – was all undertaken by RICS valuers who complied with Global Standards 2017 (Red Book Global Standards) and the RICS Valuation Global Standards 2017 - UK National Supplement
- Disposals – were based on the principles of Best Consideration Section 123 of the Local Government Act 1972
- Acquisitions – adopted a similar approach to the above. The authority had to demonstrate if there was a strategic need to acquire sites/properties and there had to be a best consideration with regard to that
- Asset Transactions – possibly the most contentious area. Any 'large' transactions would be submitted via Cabinet, but other transactional work would not.
- A Property and Asset Management Governance Group had been established on the 1st April 2021 to deal with sites and property issues
- Property and Asset Governance Group- aimed to provide clear unambiguous governance arrangements and appropriate controls to facilitate all land and property discussions
 - The Group was chaired by the Head of Property and comprised colleagues including the Strategic Finance Manager and the Head of Assets
 - Every single land and property transaction that the Council was about to undertake was discussed in detail at the Group and this allowed appropriate check and challenge. These decisions were documented and recorded, and this avoided any ambiguity or confusion at a later date. Matter discussed included
 - Rent reviews, Lease and Licence Renewals
 - Community Asset Transfers
 - Decisions to hold over
 - Concessions
 - Surrender Disposals
 - Strategic approach to negotiations
 - Funding Bids
 - Lease determination and forfeiture
 - FM – moves in/out
 - FM – works to buildings

In the ensuing discussion the following matters were highlighted:

- Reference was made to the Red Book valuations for land and buildings which included a Covid 19 uncertainty. It was understood that the RICS guidance had been amended and the blanket material uncertainty was not expected to be included this year. The Head of Property commented, however, that the market was still volatile, and it was likely that quite a few assumptions would have to be made for all valuations and these would have to be clearly stated
- The new requirement for all property transactions was that they would be discussed at the Property and Asset Governance Group and any transactions dealt with outside that process would be a clear breach of council procedure and would not be documented. The Head of Property could not think, however, of a situation where that would occur. The Service Director Finance reported that appropriate controls were in place to ensure that such actions did not occur

- There were certain extreme circumstances when the process could be shortened and, in these instances, an individual assessment would be made, however, the aim was to prevent this ever needing to happen. Any decision would, however, still be documented appropriately
- In response to specific questioning the Head of Internal Audit, Anti-Fraud and Assurance commented that every aspect of governance would feature in audit consideration. The Property and Asset Management Governance Group had been established with input from Internal Audit and the operation of that Group would feature in a future audit at an appropriate time

RESOLVED that the presentation be received and Mr D Sturrock, Head of Property, be thanked for attending the meeting and for answering members questions

13. AUDIT COMMITTEE WORK PLAN

The Committee received a report providing the indicative work plan for the period June 2021 to June 2022.

The Head of Internal Audit, Anti-Fraud and Assurance commented that Members would see more rigour to the Work Plan which now included a schedule for Strategic Risk Presentations from Executive Directors and details of training/awareness session to be held before meetings of the Committee

RESOLVED:

- (i) that the core work plan for meetings of the Audit Committee be approved and reviewed on a regular basis; and
- (ii) That meetings of the Audit and Governance Committee in July and September be held on Wednesday 28th July and 15th September, 2021.

14. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED that the public and press be excluded from this meeting during the consideration of the following items in view of the likely disclosure of exempt information as defined by Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

15. INTERNAL AUDIT PLAN 2021/22

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report prefacing the Internal Audit Plan for 2021/22 a copy of which was appended. The Plan had been revised following consultation with individual Directorate Management Teams to ensure that it was focused on priority areas and was aligned to the Internal Audit resources available for the remainder of the financial year.

It was noted that the Plan also incorporated advisory and assurance work directly related to Covid 19 (the Council's emergency response and also recovery and resilience).

Reference was made to the current and future staffing arrangements within Internal Audit and the Head of Internal Audit, Anti-Fraud and Assurance was confident that the Plan could be delivered.

RESOLVED:

- (i) That the Internal Audit Plan 2021/22 be approved, acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his judgement during the year to apply the Plan flexibly according to priority, risk and resources available; and
- (ii) That quarterly monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance continue to be submitted to demonstrate progress against the Plan including information where the Plan has materially varied from the original.

16. CORPORATE ANTI-FRAUD PLAN 2021/22

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the proposed Corporate Anti-Fraud Team Plan for 2021/22. The Plan aimed to focus resources primarily on the prevention of fraud but at the same time recognised the Team would have to undertake investigative work as appropriate.

RESOLVED:

- (i) That the Corporate Anti-Fraud Team (CAFT) Plan 2021/22 be agreed, acknowledging the need for the Head of Internal Audit, Anti-Fraud and Assurance to exercise his professional judgement during the year to apply the Plan flexibly, allowing for planned proactive or detective days to be delivered to reactive investigation work as required;
- (ii) That regular monitoring reports from the Head of Internal Audit, Anti-Fraud and Assurance continue to be submitted to demonstrate progress against the Plan including information where the Plan has materially varied from the original; and
- (iii) That the embedding of a culture of zero tolerance and high levels of awareness regarding fraud and corruption be supported.

.....
Chair

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Item 3

Report of the Service Director Finance

Audit & Governance Committee: 28th July, 2021

DRAFT 2020/21 STATEMENT OF ACCOUNTS

1. Purpose of Report

- 1.1 This report presents the 2020/21 Statement of Accounts, the Council's eleventh set of accounts prepared in accordance with International Financial Reporting Standards.

2. Recommendation

- 2.1 It is recommended that:

- **The Audit Committee considers and comments on the work that has taken place to prepare the Council's draft 2020/21 Statement of Accounts.**

3. Introduction / Background

- 3.1 In typical years, the Council has followed The Accounts and Audit Regulations 2015 which sets out the requirements for the production and publication of its financial statements. The main requirement was that the Council should lodge a Code of Practice on Local Authority Accounting (the Code) compliant set of accounts with the External Auditor by no later than 31st May.
- 3.2 During 2019/20, given the exceptional circumstances that the Council had been working through in respect of the COVID-19 pandemic, the Government passed The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 in April 2020 which allowed councils the additional flexibility and discretion in respect of when they lodge their accounts with their auditors, with the latest date being the end of August 2020. For the 2019/20 process, the Council submitted its draft financial statements by the end of June 2020, an extension of one calendar month.
- 3.3 During the last 18 months, a review has been undertaken by Sir Tony Redmond on the oversight of local audit and the transparency of local authority financial reporting, named The Redmond Review. One of the areas of focus of the review related to the timescales that both local authorities and external auditors have to comply with as a result of a significant proportion of the audits not meeting the existing statutory deadlines.
- 3.4 As a result, a recommendation from the review was that for two years (2020/21 and 2021/22), the statutory deadline for the external auditor's final opinion would be extended from 31st July to 30th September, after which time, the Government will assess the impact.
- 3.5 The implications for the Council for 2020/21 are that the draft accounts are to be submitted by no later than 31st July 2021.
- 3.6 Members of the Committee will be aware that the External Auditors for 2020/21 are Grant Thornton.

- 3.7 Members of the Committee should also note that the Council expects to meet all of its statutory obligations with the draft accounts scheduled to be submitted to Grant Thornton on the 30th June 2021. It should also be noted that the Accounts and Audit Regulations 2015 do not require those charged with governance (the Council) to approve the draft accounts prior to submission. This is primarily to allow the Council's officers additional time to prepare the accounts under the more complex and time consuming International Financial Reporting Standards (IFRS) and to place public bodies on a similar reporting footing with the private sector.
- 3.8 Members should also note that the External Auditor also has flexibility and discretion on the date to conclude their audit and to issue their report to Audit Committee and full Council, with the above regulations setting out a date no later than 30th September 2021. The Council has been in regular liaison with Grant Thornton throughout the pandemic and the Council's finance staff will work closely with the auditors to achieve this date.
- 3.9 To further assist Members of the Committee, attached at Appendix 2 is a CIPFA publication "Understanding Local Authority Financial Statements". This publication is designed to give an overall analysis of what the main statements within the Accounts mean, from the perspective of Members.

4. Current Position

- 4.1 A set of the Council's 2020/21 draft Statement of Accounts are attached at Appendix 1. This document presents the Authority's financial statements in the format required by CIPFA's Code of Practice on Local Authority Accounting 2020/21 (the 'Code'), the Accounts and Audit Regulations 2015 and the Audit Commission Act 1998.
- 4.2 As previously stated, the format of the information is prescribed and based on International Financial Reporting Standards as interpreted by the 'Code' which allows, in the main, comparison to other local authorities and other bodies. Separate revenue and capital final accounts reports detailing the 2020/21 outturn for each Directorate and the overall implications of those positions have been considered by the Council's Cabinet on the 16th June 2021. These reports can also be made available to members of the Audit Committee if required.
- 4.3 The annual audit of the accounts is due to commence in July 2021. On conclusion of the audit, the External Auditor will issue a formal report, the ISA 260 and the opinion on the accounts. No major amendments to the accounts are anticipated, however, if any significant amendments are required then these will be presented to the Audit Committee and the full Council in a separate report at a later date.

5. Options

- 5.1 The Council has a statutory obligation to submit the draft 2020/21 Statement of Accounts to the External Auditor by 31st July 2021. Failure to do so could result in an audit qualification and consequential reputational damage. This requirement was duly met.

6. Consultations

- 6.1 The Statement of Accounts have been prepared in conjunction with all Executive Directors and Financial Services support staff. External Audit has been kept informed of progress throughout the accounts closure process.

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

- 7.1 No direct implications.

8. Proposal

- 8.1 That the Service Director Finance (the Council's S151 Officer) submits the draft 2020/21 Statement of Accounts (Appendix 1) to the Audit Committee meeting of the 24th June 2020 for consideration and comment.

9. Financial Implications

- 9.1 The Authority's statutory draft financial statements for the financial year 2020/21 are attached at Appendix 1 to this report. For the benefit of Members, this includes on pages 4 through 32, a Narrative Report which introduces the Council and contextualises the financial statements in the economic environment that the Council operates in. It outlines the Council's corporate objectives together with the corporate vision and values.

- 9.2 Furthermore, the requirements state that key performance of the Council must also be presented, from both an internal and external perspective, covering a range of themes such as performance management, treasury management, risk management and the future economic outlook. Though not a formal requirement, the narrative report also explains the relationship between the Authority's management accounts and the financial statements contained within the Statement of Accounts.

- 9.3 The Narrative Report also provides a brief description of the purpose of the main statements within the accounts, including the Movement in Reserves Statement, the Comprehensive Income & Expenditure Statement and the Balance Sheet.

- 9.4 The Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2020/21 (the 'Code') prescribes the accounting treatment and disclosures for all transactions of a local authority. The 'Code' is refreshed annually as accounting standards evolve.

- 9.5 The 'Code' also sets out the accounting concepts and principles that underpin the Statement of Accounts with the overriding requirement that the accounts provide a true and fair view of the financial position and transactions of the Authority.

- 9.6 There have not been any significant changes to the accounting requirements in respect of the 2020/21 'Code'.

10. Employee Implications

- 10.1 No direct implications.

11. Glossary

11.1 CIPFA - Chartered Institute of Public Finance and Accountancy

12. List of Appendices

12.1 Appendix 1 - Draft Statement of Accounts 2020/21

Appendix 2 – CIPFA's Understanding Local Government Financial Statements

13. Background Papers

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

Contact Officer: Neil Copley Telephone: 773237 Date: 20/07/2021

BARNSLEY MBC

DRAFT STATEMENT OF ACCOUNTS

2020 / 21



STATEMENT OF ACCOUNTS 2020/21

CONTENTS

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

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

Section 2 – Barnsley MBC 2020/21 Narrative Report

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

Section 3 – Statement of Responsibilities

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

Section 4 – Core Financial Statements

- [Movement in Reserves Statement](#)
- [Comprehensive Income and Expenditure Statement](#)
- [Balance Sheet as at 31st March 2021](#)
- [Cash Flow Statement](#)

Section 5 – Notes to the Core Financial Statements

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

Section 6 – Accompanying Financial Statements

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

Section 7 – Group Accounts

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

Technical Annex A – The Council’s Accounting Policies

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

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

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

Technical Annex E – Statutory Sources

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

These accounts have been prepared in accordance with all appropriate accounting standards and regulatory frameworks. They are completed to highlight the council's financial position as at 31st March 2021.

They were placed with External Audit and on public inspection from the 1st August 2021. The Council's External Auditor Grant Thornton will present their annual report upon completion of the audit with any adjustments to the accounts identified being considered by management and the accounts amended as required.

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Barnsley Metropolitan Borough Council

2020/21 Narrative Report

Introduction and Contents

This narrative report aims to outline the Council's corporate performance for the 2020/21 financial year, summarising the key messages for the reader of these accounts.

The report will cover:

Introduction & Contents
Introducing Barnsley:
Where is Barnsley?
What is Barnsley's Profile?
Interactive Maps of the Borough
Introducing Barnsley Metropolitan Borough Council:
Who Are We
Our Corporate Plan
Key Performance Against Core Outcomes
Our Values
Our 2021-24 Corporate Plan
Our New Vision & Priorities
Our New Corporate Outcomes
Our 2020/21 Financial Performance:
What The Council Spent in 2020/21 - Day to Day Spending
What The Council Spent in 2020/21 - Capital Spend
2020/21 Treasury Management Overview
The Council's Summarised Balance Sheet
Summary of the Council's Pension Liabilities as at 31st March 2021
Key Projects
The Council's Approach to Risk Management
Future Spending Plans & Assessment of the Future Economic Climate
The Impact of the Coronavirus (COVID-19) Pandemic
Our 2020/21 Statement of Accounts:
The Form of the Statement of Accounts
Change of Accounting Policies in 2020/21
Post Balance Sheet Events

Introducing Barnsley

Where is Barnsley?

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

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



Barnsley shown within South Yorkshire

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

What is Barnsley's Profile?

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

THE BOROUGH'S PROFILE

<https://www.barnsley.gov.uk/services/our-council/research-data-and-statistics/our-borough-profile/>

Significant measures are shown below:

Overall Population

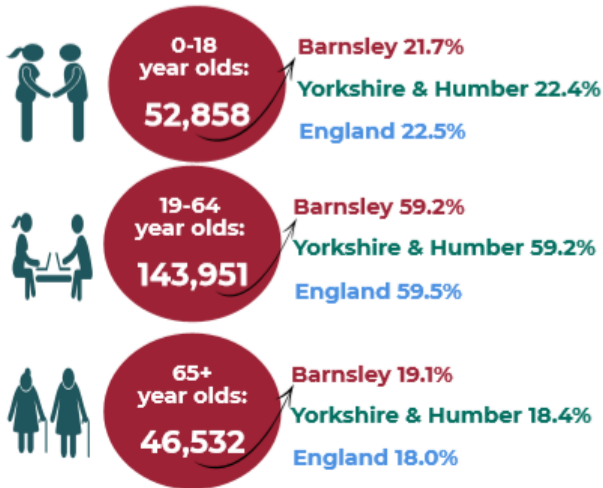
243,341 Up 4.9% since 2011

Barnsley's population has been growing constantly since 2001. Since the 2011 Census, the resident population has increased by 4.9%; 0.2% higher than the England rate and 1.8% higher than the regional rate. These increases were mainly due to more births than deaths and international migration inflows into the borough.



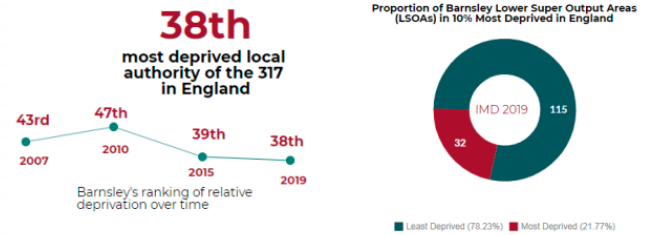
STATEMENT OF ACCOUNTS 2020/21

Age Profile and % of Total Population

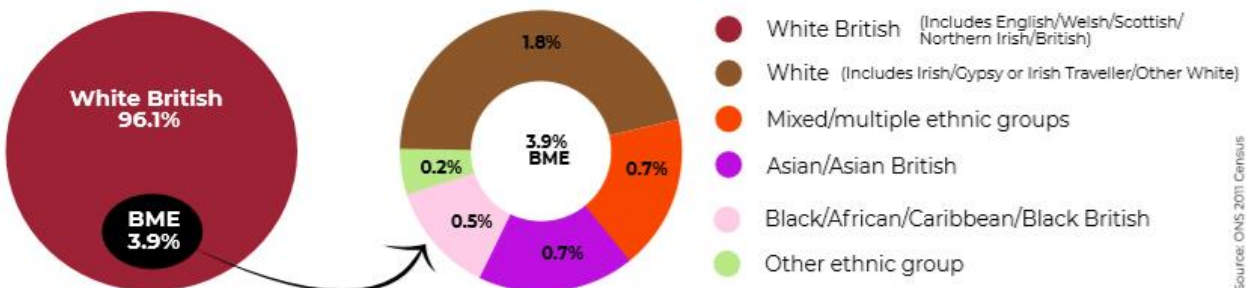


So what's the story in 2019?

Barnsley is the **38th** most deprived area in England according to the 'average score' measure. This averages the overall deprivation scores of LSOAs within a Local Authority.

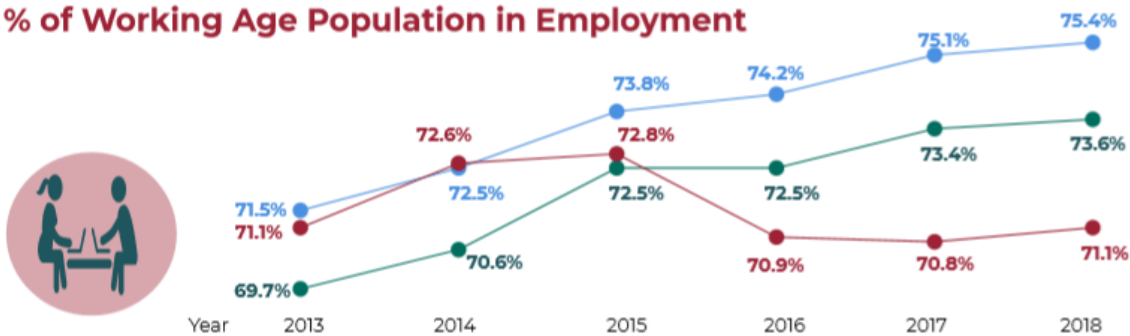


Ethnic Breakdown



Source: ONS 2011 Census

% of Working Age Population in Employment



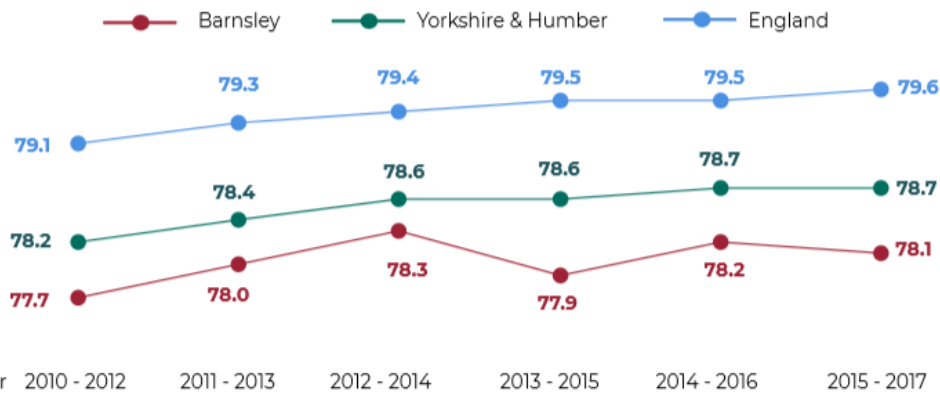
Source: ONS annual population survey Jan 13 - Dec 18

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

STATEMENT OF ACCOUNTS 2020/21

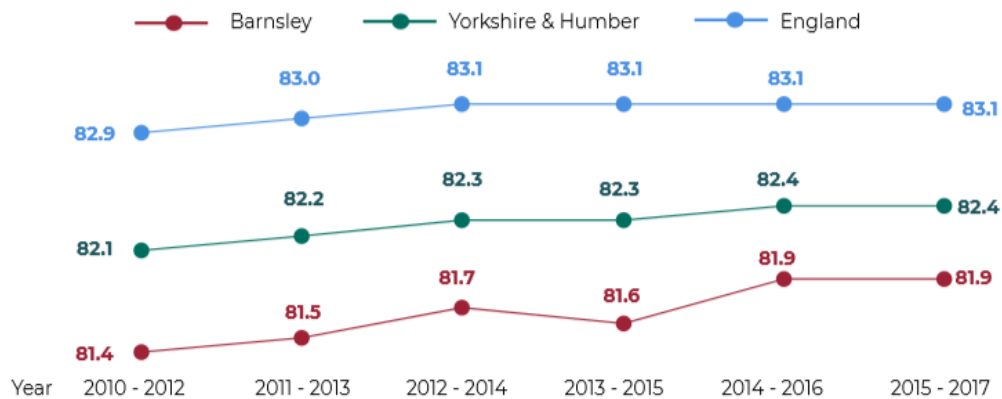
Life Expectancy at Birth

Male



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

Female



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

AS AT 31/03/21

Households

Number of Houses



110,590

residential properties in Barnsley

Business Rates



6,880

Non-domestic properties in Barnsley

STATEMENT OF ACCOUNTS 2020/21

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 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) <ul style="list-style-type: none"> 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 |
|---|--|---|---|

The link to all the above maps can be found here:

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

Introducing Barnsley Metropolitan Borough Council

Who Are We?

Barnsley Metropolitan Borough Council, created on **1 April 1974**, is the local authority of the Metropolitan Borough of Barnsley in **South Yorkshire**, England. It is a **Metropolitan District Council**, one of four in South Yorkshire and one of 36 in the metropolitan counties of England and provides the majority of **local government services** in Barnsley.

Further information on the Council's **Constitution** can be found on the Council's website and via the link below:

[Council's Constitution](#)

Local Councillors (The Council)

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

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

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

[Councillors](#)



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 2020/21, 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 2020/21 **management structure** can be found on the Council's website and via the link below:

[Management Structure](#)

Our Corporate Plan

The Council's Corporate Plan for 2017-2020 (extended an additional year to 2021 due to the COVID-19 pandemic) was concluded at the end of March 2021.


Our vision for the plan was "Working together for a brighter future - a better Barnsley"

A framework of performance indicators was developed and aligned to the priorities in the Corporate Plan. This allowed us to monitor the delivery of the outcomes.

Despite the challenges of doing more with less, and the specific challenge posed by the pandemic over the last year, we helped the economy to be thriving and vibrant, people to achieve their potential and our communities to be strong and resilient.


Key Performance Against Core Outcomes


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

Priority	Outcome	17/18	18/19	19/20	20/21	Narrative
	1. Create more and better jobs and good business growth					We supported the creation of 986 new jobs and 496 new businesses and supported 875 businesses to expand.
	2. Increase skills to get more people working					Due to the pandemic, fewer apprenticeships were taken up. 5.5% of 16-18-year olds are not in education, employment or training, higher than our target of 4.2%
	3. Develop a vibrant town centre					The footfall in the town centre was significantly lower than target as a direct result of the COVID 19 restrictions and temporary closure of businesses
	4. Strengthen our visitor economy					We welcomed over one million visitors to our attractions which contributed over £23Million to the local economy

STATEMENT OF ACCOUNTS 2020/21

5. create more and better housing					The number of new houses built during 20/21 (581) was lower than our target of 700. The construction industry was affected by the pandemic. However, we exceeded our target to create affordable homes
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Prioity	Outcome	17/18	18/19	19/20	20/21	Narative
	6. every child attend a good school and is successful in learning and work					98% of our early years and child care settings are judged good or outstanding.
	7. Reducing demand through improving access to early help					Almost 40% of people complete reablement episodes with no long term needs.
	8. Children and adults are safe from harm					93.6% of children in care are in family placements. 488 homelessness preventions were made
	9. People are Healthier, happier, independent and active					The latest data shows life expectancy and healthy life expectancy has decreased. Hospital admissions for alcohol specific conditions is higher than Yorkshire and the Humber and England average

Prioity	Outcome	17/18	18/19	19/20	20/21	Narative
	10. People volunterring and contributing towards stronger communities					There have been difficulties attracting new volunteers due to the pandemic. Cashable value of volunteer hours has exceeded our target
	11. Protecting the brough					Flytipping clearance, signal faults and pothole repairs were made to timescales
	12. Customers can contact us easily and use more services online					Almost 89% of customer feedback is responded to within timescales. Target achieved for take up of superfast broadband

KEY

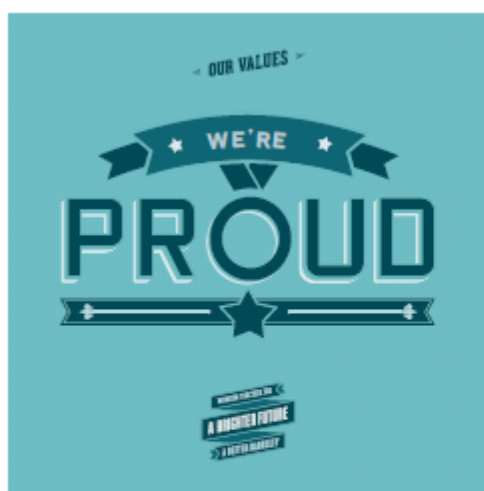
	The majority of indicators in outcome achieved target
	A mix of indicators achieving/nearly achieving/not achieving
	The majority of indicators in outcome not achieved

Individual quarterly performance reports for 2020/21 can be accessed via the links below:

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
1	9 th September 2020	Cab.9.9.2020/12	Quarter 1 Cabinet
2	2 nd December 2020	Cab.2.12.2020/7	Quarter 2 Cabinet
3	10 th March 2021	Cab.10.3.2021/10	Quarter 3 Cabinet
4	2 nd June 2021	Cab.2.6.2021/11	Quarter 4 Cabinet

Our Values

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



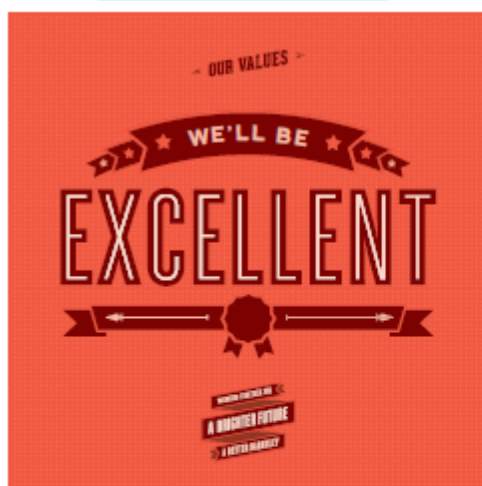
We're Proud

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



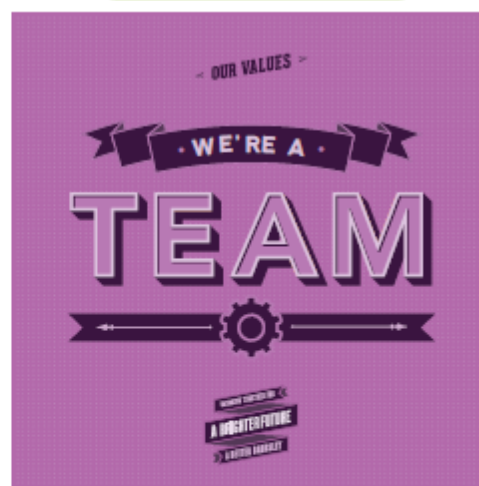
We're Honest

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



We'll be Excellent

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



We're a Team

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

Our New 2021 -2024 Council Plan

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

**OUR
CORPORATE
PLAN**



2124 Council
Plan.pdf

Our New Vision & Priorities

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

STATEMENT OF ACCOUNTS 2020/21

Barnsley - the place of possibilities

**Healthy
Barnsley**

**Learning
Barnsley**

**Growing
Barnsley**

**Sustainable
Barnsley**

**Enabling
Barnsley**

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

Our New Corporate Outcomes

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

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

STATEMENT OF ACCOUNTS 2020/21

Our 2020/21 Financial Performance

What The Council Spent in 2020/21 – Day to Day (Revenue)

General Fund Executive Overview:

Towards the end of 2019/20, the COVID-19 pandemic took hold across the world. During 2020/21 the Council has incurred significant costs to support our communities to deal with the impact of the pandemic.

During 2020/21 the Council spent a net **£195.9M** (including proposed earmarkings into 2021/22) on providing services to the public. Compared with the budget for the year of **£192.8M** (including use of reserves) and after adjusting for statutory balances, slippage and specific expenditure commitments requiring the earmarking of resources, the year-end position was an **operational overspend of £3.1M**.

This expenditure includes in excess of £44M directly relating to the Council's response to COVID-19. Had it not been for additional funding from Government to help with this response effort, together with swift implementation of the COVID-19 Financial Recovery Strategy in May 2020, the overall net operational overspend would have been significantly worse and may have resulted in a call on emergency reserves. However, this was not the case and the overall net overspend of £3.1M has been addressed from a combination of:

- resources previously earmarked for schemes that are no longer required; and
- funding from the Government's taxation losses scheme due in 2021/22.

In addition, the Council is well placed as we progress along the Government's Road Map to Recovery (see [Government COVID-19 Roadmap](#)). Further information on the overall COVID response is provided below.

The table below provides a breakdown of the total costs during 2020/21 by key service (directorate) areas.

<u>Management Accounts</u>	Final Position			Variance Split Between:		
	Year End Budget *	Actual Spend **	Variance **	COVID Costs	COVID Lost Income	Business As Usual
	£M	£M	£M	£M	£M	£M
Children's Services	33.5	34.1	0.6	1.0	0.6	(1.0)
Place	40.9	51.0	10.1	5.8	5.7	(1.4)
Adults & Communities	63.3	76.2	12.9	15.2	0	(2.3)
Public Health	4.5	6.2	1.7	3.3	0	(1.6)
Core Services	(3.3)	(2.0)	1.3	0.8	2.0	(1.5)
Total Services	138.9	165.5	26.6	26.1	8.3	(7.8)
Corporate Budgets / General Items ^	53.9	67.0	13.1	7.1	3.0	3.0
Total Pre-COVID Funding	192.8	232.5	39.7	33.2	11.3	(4.8)
COVID-19 Funding	-	(36.6)	(36.6)	(33.2)	(3.4)	-
Total	192.8	195.9	3.1	-	7.9	(4.8)

* Includes in year use of reserves of £20.2M

** includes proposed earmarking of resources

^ includes council tax and business rate losses

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The Council has also acted as agent on behalf of Central Government and Sheffield City Region to provide over £80M in financial support to the business community affected by the pandemic. These costs are not included in the above. The Council were one of the first in Yorkshire to commence payment of business support in late March 2020, with ongoing support being provided throughout the pandemic to help sustain the Barnsley economy throughout the last year.

2020/21 Approved Budget

The Council set a net revenue expenditure budget of **£172.6M** for 2020/21 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. In addition, some **£20.2M** of specific earmarked revenue reserves were carried forward from 2019/20, increasing the overall 2020/21 in year net budget to **£192.8M**.

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.

2020/21 Revenue Budget – Corporate Funding:	£M	%
Revenue Support Grant	8.5	4.4
Business Rates Retained Share including Collection Fund Surplus	23.6	12.2
Business Rates Top Up	32.9	17.1
Council Tax including Collection Fund Surplus	104.0	53.9
Section 31 Grants	3.6	1.9
Earmarked Reserves	20.2	10.5
Total Net Revenue Expenditure Budget	192.8	100%

Housing Revenue Account (HRA) Executive Overview:

The Council's overall Housing Revenue Account position, which relates specifically to the costs of providing Council houses within the Borough was an underspend of **£0.7M**.

Cabinet have approved specific service earmarkings totalling **£0.4M**, with the remainder (**£0.3M**) being held pending the review of the Council's 30 Year HRA Business Plan.

<u>Management Accounts</u>	Year End Budget	Actual	Over / (Under) Spend
	£M	£M	£M
<u>Income</u>			
Dwellings Rent	(69.8)	(70.2)	(0.5)
Non Dwellings Rent	(2.0)	(2.2)	(0.2)
Total Income	(71.8)	(72.4)	(0.6)
<u>Expenditure</u>			
Repairs & Maintenance	19.2	20.1	0.9
Supervision & Management	18.2	18.1	(0.1)
Bad Debt	1.1	0.6	(0.5)
Interest Payable	10.7	10.4	(0.3)
Contribution to Capital Funding	21.2	21.2	0.0
Use of Capital Reserves	1.6	1.6	0.0
Other Expenditure	1.5	1.4	(0.1)
Total Expenditure	73.4	73.4	(0.0)
Total Net Position Before Earmarkings	1.6	1.0	(0.6)
Earmarkings			0.6
Year End Position			-

Individual quarterly monitoring reports for 2020/21 can be accessed via the links below:

STATEMENT OF ACCOUNTS 2020/21

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting *
1	9 th September 2020	Cab.9.9.2020/13	Quarter 1 Cabinet
2	2 nd December 2020	Cab.2.12.2020/8	Quarter 2 Cabinet
3	10 th March 2021	Cab.10.3.2021/11	Quarter 3 Cabinet
Final Accounts	16 th June 2021	Cab.16.6.2021/11	Final Accounts Cabinet

The Council's Reserves Position

Executive Summary

Where the Council generates a surplus against its budget, the cumulative amount is held within reserves until required in the future. The Council's total reserves at the end of 2020/21 totalled **£226.3M** split between general reserves of **£195.3M** and housing reserves of **£31.0M**. These reserves are earmarked for specific, one off projects/initiatives. A detailed breakdown can be found in [Note 4](#) to the accounts.

General Fund Reserves

The level of general fund reserves increased from **£139.1M** at the start of 2020/21 to **£195.3M** at the end of the financial year, a net increase of **£56.2M** which is outlined in the table below:

General Fund:	£M
Reserves at 1st April 2020	139.1
Reserves Used in 2020/21	(20.2)
Reserves Earmarked into 2021/22	76.4
Total Movement	56.2
Reserves at 31st March 2021	195.3

The main reason for this overall increase is that the Council earmarked resources of **£76.4M** into 2021/22, mainly as a result of the Council receiving a significant number of grants to support the Council's response to the pandemic. Furthermore, also due to the pandemic, there were delivery delays that had a significant impact on delivering some of the Council's key one-off investments during 2020/21 and therefore, those reserves remain committed, but unspent at the end of the financial year.

The Council also used **£20.2M** of reserves in 2020/21, mainly relating to funding its capital programme commitments and a number of service related investments.

The table below breaks down the 2020/21 General Fund Reserves:

Reserve Type	Description	1 st April 2020	Used	Earmarked	31 st March 2021
Specific Service Earmarkings	Resources held / committed for service specific purposes, including unspent grants and funding relating to projects that have been delayed into future periods	31.4	(1.8)	28.1	57.7
Capital Programme Earmarkings	Resources held / committed for the Council's capital investment programme	27.9	(4.0)	2.7	26.6
Glassworks Earmarkings	Resources held / committed for the Council's Glassworks Project	20.8	(4.5)	6.0	22.3
Revenue Investment Earmarkings	Resources held / committed for specific revenue investments as set out in the 2020/21 budget process	0.2	(1.2)	5.6	4.6
COVID Grants	Resources held / committed for the ongoing impact on COVID 19	6.7	(6.7)	31.2	31.2
Other Corporate Earmarkings	Resources held / committed for corporate / cross cutting purposes, including Be Even Better Strategy, Insurance Fund, Future	32.1	(2.0)	2.8	32.9

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	Redundancy and the MRP policy				
Minimum Working Balance	Resources held as a contingency for unforeseen events	20.0	-	-	20.0
TOTAL		139.1	(20.2)	76.4	195.3

Housing Revenue Account Reserves

The level of housing revenue account reserves decreased from **£31.8M** at the start of 2020/21 to **£31.0M** at the end of the financial year, a net decrease of **£0.8M** which is outlined in the table below:

Housing Revenue Account:	£M
Reserves at 1st April 2020	31.8
Reserves Used in 2020/21	(1.5)
Reserves Earmarked into 2021/22	0.7
Total Movement	(0.8)
Reserves at 31st March 2021	31.0

The main reason for this overall decrease is as result of utilising specific reserves totalling **£1.5M**, namely housing growth reserves, on specific capital projects during 2020/21, offset by the earmarking of resources for future years totalling **£0.8M**, for specific projects to be completed in 2021/22.

The table below breaks down the 2020/21 Housing Revenue Account Reserves:

Reserve Type	Description	1 st April 2020	Used	Earmarked	31 st March 2021
Housing Growth Investment	Resources held / committed for the approved housing growth capital investment programme	19.3	(1.5)	-	17.8
2020/21 Revenue Earmarkings	Resources held / committed for the revenue earmarkings identified during 2020/21	-	-	0.4	0.4
30 Year Business Plan Earmarkings	Resources held / committed pending the review of the Council's 30 year HRA business plan	2.7	-	0.3	3.0
Other Revenue Earmarkings	Resources held / committed for service specific purposes including mitigation of the impact of welfare reform	2.4	-	-	2.4
Other Capital Earmarkings	Resources held / committed for known capital commitments	0.4	-	-	0.4
Minimum Working Balance	Resources held as a contingency for unforeseen events	7.0	-	-	7.0
TOTAL		31.8	(1.5)	0.7	31.0

What The Council Spent in 2020/21 (Capital)

Executive Overview:

In 2020/21, the Council spent **£111.2M** through its capital programme with the majority of the expenditure relating to the Council's property, plant and equipment, such as land and buildings, the road / infrastructure network and council houses.

The **capital expenditure** was funded from **£65.2M** worth of the Council's own resources, such as grants, capital receipts and reserves. The remaining expenditure, totalling **£46.0M**, has been funded by prudential borrowing / leasing.

Capital Expenditure

STATEMENT OF ACCOUNTS 2020/21

Capital expenditure during the year amounted to **£111.2M** (**£141.0M** in 2019/20), including Private Finance Initiative and other finance lease purchases. The table and chart below analyse the capital expenditure against the Council's asset categories.

<u>Asset Categories</u>	2020/21 £M
Council Dwellings	17.2
Property, Plant & Equipment	14.6
Vehicles, Plant, Furniture & Equipment	1.5
Assets Under Construction	45.3
Infrastructure Assets	26.2
Intangible Assets	0.2
Long Term Debtors	0.7
Non BMBC Assets	5.5
Total	111.2

The most significant scheme included within the table above is the Glassworks project which spent £43.0M during the year, included above within assets under construction. Other significant schemes to note are the Barnsley Homes Standard works on the Council's houses, works to the highway network, including the scheme in relation to construction works on the roundabouts from J36 of the M1 to Goldthorpe and the acquisitions of homes to replenish the housing stock.

However, COVID-19 has delayed progress in a number of key capital schemes mainly as a result of the suspension of construction works in the first lockdown in March through to June 2020. This has resulted in slippage of costs into 2021/22 and beyond, in line with the three year programme.

Capital Financing

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

<u>Funding Source</u>	2020/21 £M
Capital Grants	29.8
Third Party Contributions (Inc. S106)	3.7
Capital Receipts	3.6
Revenue / Reserves	11.2
Major Repairs Reserve	16.9
Sub Total – Own Resources	65.2
Prudential Borrowing	46.0
Leasing	-
Sub Total – Borrowing	46.0
Total	111.2

Details of Material Assets Disposals

The Council disposed of a number of assets during 2020/21. The **material disposals** are shown in the table below.

<u>Asset</u>	<u>Description</u>	2020/21 Asset Value Disposed £M
School Academy Transfers	Council Maintained Schools Converted to Academies in 2020/21	6.8
Council House Sales	Council Dwellings Sold	3.6

STATEMENT OF ACCOUNTS 2020/21

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3	10 th March 2021	Cab.10.3.2021/11	Quarter 3 Cabinet
Final Accounts	16 th June 2021	Cab.16.6.2021/12	Final Accounts Cabinet

2020/21 Treasury Management Overview

Executive Overview:

Facing continued economic uncertainty, the focus of the Council's Treasury Management Strategy for 2020/21 was on **managing risk**:

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

Borrowing Overview:

No new fixed rate borrowing was undertaken during the year, reflecting the latest expectations for interest rates and the strength of the Council's position in relation to interest rate risk. The only movements to report were the scheduled principal repayments of £31.9M.

As a result, 29% of the Council's borrowing requirement is now exposed to interest rate risk (based on its short term and variable LOBO loans and its under-borrowed position). This means that 71% of the Council's overall borrowing requirement is being financed by long term, fixed rate borrowing (exceeding the agreed target of 70%).

Given the current outlook for interest rates (i.e. that PWLB rates will remain at around 2% for the foreseeable future), next year's fixed rate borrowing target has been relaxed to 65% as per Treasury Management strategy. This allows the Council to defer any borrowing until 2022/23 and therefore keep its interest costs low over the next 12-month period. The fixed rate borrowing target reflects the medium term forecasts for interest rates and the current benign interest rate environment. Moving forwards fixing out 70% of the CFR is considered prudent and affordable whilst leaving sufficient flexibility to maximise the use of internal balances, low rate temporary borrowing and avoiding the cost of carry.

	Balance on 01/04/2020 (£M)	New Borrowing (£M)	Principal Redeemed (£M)	Balance on 31/03/2021 (£M)	Net Movement (£M)
PWLB Borrowing	525.4	-	(4.5)	520.9	(4.5)
Other Long-Term Loans	95.0	-	(1.4)	93.5	(1.4)
Temporary Loans	1.0	5.0	(6.0)	0.0	(1.0)

STATEMENT OF ACCOUNTS 2020/21

Longer Term Local Authority Loans	49.5	-	(20.0)	29.5	(20.0)
Total External Borrowing	670.8	5.0	(31.9)	643.9	(26.9)

Investment Overview:

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

The majority of transactions during the financial year related to short term deposits to maintain sufficient liquidity, an appropriate balance of cash was deposited in the Council's Money Market Funds and instant access accounts, to ensure the Council could continue to meet its day to day spending commitments. In terms of presentation in the [Balance Sheet](#), the instant access investment balances are accounted for as "Cash and Cash Equivalents".

The Council's investment balances reduced by £17 Million during the year in order to pay for its capital programme, the scheduled principal repayments and day to day expenditure.

	Balance on 01/04/2020 (£M)	New Investments (£M)	Principal Redeemed (£M)	Balance on 31/03/2021 (£M)	Net Movement (£M)
Short Term Deposits	57.0	208.0	(205.0)	60.0	3.0
Money Market Funds / Instant Access Accounts	75.0	241.3	(261.3)	55.0	(20.0)
Total Investments	132.0	449.3	(466.3)	115.0	(17.0)

Treasury Reporting

Individual quarterly monitoring reports for 2020/21 can be accessed via the links below:

Quarter	Date Presented to Cabinet	Cabinet Reference	Link to Cabinet Meeting
1	9 th September 2020	Cab.9.9.2020/13	Quarter 1 Cabinet
2	2 nd December 2020	Cab.2.12.2020/8	Quarter 2 Cabinet
3	10 th March 2021	Cab.10.3.2021/11	Quarter 3 Cabinet
Final Accounts	16 th June 2021	Cab.16.6.2021/13	Final Accounts Cabinet

Summary of the Council's Balance Sheet

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

1st April 2020 £M	Category	31st March 2021 £M	Explanation	Movement £M
1,245.8	Non-Current Assets	1,349.5	Assets owned or owed to the Council, that are expected to be used / received in more than 1 year	Increased by 103.7
185.8	Current Assets	164.1	Assets owned or owed to the Council, that are expected to be used / received in the next year	Decreased by 21.7
(122.0)	Current Liabilities	(114.8)	Amounts that the Council owes, due within the next year	Decreased by 7.3
(1,260.6)	Long Term Liabilities	(1,287.3)	Amounts that the Council owes, due in more than 1 year	Increased by 26.7
48.9	NET ASSETS	111.5		Increased by 62.6
206.2	USEABLE RESERVES	273.5	Reserves held that can be used by	Increased by 67.3

STATEMENT OF ACCOUNTS 2020/21

			the Council on spending	
(157.3)	UNUSABLE RESERVES	(162.0)	Reserves held that are for specific purposes, ordinarily statutory accounting adjustments	Decreased by 4.7
48.9	TOTAL RESERVES	111.5		Increased by 62.6

The table below provides a high level explanation of the Council's [Balance Sheet](#) from 1st April 2020 to 31st March 2021:

Category	Movement £M	Explanation
Non-Current Assets	Increased by 103.7	Revaluations of assets upwards of +£72M, enhancing capital spend of +£81M, (£11M) disposals and (£35M) consumption of assets in the year (depreciation).
Current Assets	Decreased by 21.7	Drawdown of investment balances (£17M) for cash flow purposes.
Current Liabilities	Decreased by 7.3	Borrowing repaid (£26M) offset with movement between long term and short term borrowing to reflect due date of debt +£16M, grants received in advance increased by +£3M.
Long Term Liabilities	Increased by 26.7	Pension liability increase of +£42M offset with movement between long term and short term borrowing to reflect due date of debt (£16M).
NET ASSETS	Increased by 62.6	
USEABLE RESERVES	Increased by 67.3	GF / HRA Reserves increased by +£60M, Amount set aside for housing capital increased by +£5M, capital grants unspent increased by +£2M
UNUSABLE RESERVES	Decreased by 4.7	Revaluation reserve increase by +£81M, offset by decrease in pension reserve of (£54M), Collection Fund decreased by (£11M) and DSG Deficit Account showed a decrease of (£12M)
TOTAL RESERVES	Increased by 62.6	

Summary of the Council's Pension Fund Position as at 31st March 2021

Accounting Basis

The Council accounts for its Pension Fund position in accordance with IAS 19, which means that it accounts for the costs of retirement benefits when entitlement to those benefits has been earned rather than when they are actually paid to employees, which may be many years into the future. These future liabilities are to be met by fund assets which are acquired from employer and employee contributions and subsequently invested for a return. As at 31st March 2021, fund liabilities **exceeded** fund assets by **£460M, on an accounting basis**.

Funding Basis

The Pension Fund position, when assessed **on a funding basis**, is calculated in a different way to the accounting methodology and ultimately reflects the actual performance of the Council's Pension Fund. It is the pension fund position on a funding basis that informs the Council's ongoing contribution rate and the employees' contribution rate. Any pension deficit on this funding basis must be made good over time. A triennial actuarial review assesses key assumptions and agrees any

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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 2020 to 31st March 2023.

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

Key Projects

The Glass Works

Construction of the Council's major town centre redevelopment "The Glass Works" was paused for a period of three months during 2020/21 due to the COVID 19 pandemic. This delayed the overall completion of the new retail, leisure and restaurant phase of the scheme slightly. Construction was completed in Q1 of 2021/22 and the Council has since taken ownership from the main contractor. The final phases of public realm are due to be completed later in the year with the the scheme due to open in September 2021.

Whilst the high street has suffered both pre and post-Covid, the letting of the Glass Works remains buoyant with two new retailers (Sports Direct incorporating USC and Flannels) announced during the year and positive negotiations with other tenants ongoing. 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.

A procurement process for construction of the Glass Works Town Centre Bridge was completed during 2020/21. Final negotiations are being undertaken with the selected contractor including a detailed construction plan. Drainage works have commenced at the bridge site with the construction of the bridge expected to commence at some point during 2021/22 with completion in 2022/23.

Other Key Decisions

During 2020/21, following a strategic review of operations, the Council took the decision to terminate the Joint Venture held with NPS Barnsley Ltd. Termination notices were issued on 31st January for NPS Barnsley Ltd and 30th November 2021 for Barnsley Norse. NPS Barnsley Ltd operations and 51 employee positions were in-sourced on 1st April 2021.

The Council's Approach to Risk Management

Executive Overview:

The embedding of a culture where the management of threats and concerns, and the assurances needed regarding the achievement of the Council's objectives, is considered a fundamental part of normal business process, and crucial to the delivery of the risk management approach and the implementation of good governance arrangements.

A robust and dynamic Strategic Risk Register (SRR) sets the culture and tone for the management of threats, concerns and assurances across and throughout the Council. The 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.

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

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

A fundamental review of the Council's approach to risk has been undertaken with the introduction of a new approach focussing on being more permissive and enabling, identifying the assurances needed to ensure the delivery of objectives and a move away from the traditional and negative approach.

This new approach is being embedded and is supported by a new system to facilitate 'self-serve'.

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

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 2021/22	General Fund Budget Proposals for 2021/22	10th February 2021	Cab.10.2.2021/6	Budget Cabinet
Housing Revenue Account – 2021/22	HRA Budget Proposals for 2021/22	13th January 2021	Cab.13.1.2021/8	Cabinet Meeting
Treasury Management Policy & Strategy 2021/22	The Council's Strategy with Regards Borrowing & Investing	10th February 2021	Cab.10.2.2021/6	Budget Cabinet
Capital Investment Strategy 2021/22	The Council's Strategy with Regards Capital Investment	10th February 2021	Cab.10.2.2021/6	Budget Cabinet
Council Tax Base Report 2021/22	The Council's Approved Council Tax Base	13th January 2021	Cab.13.1.2021/6	Cabinet Meeting
Business Rates – Calculation of Local Share 2021/22	The Council's Approved Business Rate Tax Base	13th January 2021	Cab.13.1.2021/7	Cabinet Meeting

As highlighted earlier the Council's Corporate Plan, has been refreshed with a new plan implemented from 1st April 2021. The Council Plan will support the Barnsley 2030 project over the next three years, delivering against our new vision of 'Barnsley - the place of possibilities'.

In February 2021, the Council agreed an updated **Medium Term Financial Strategy (MTFS)** for the period 2021 – 2024. This included presenting balanced budget proposals for 2021/22 and 2022/23 with a relatively small funding gap in 2023/24. Although, this position is based on a number of core assumptions, non-more so than the ongoing impact of COVID-19 on public finances.

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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 a further **£5 million** in efficiency savings, on top of over **£110 million** saved since 2010.

Government delayed the three year comprehensive spending review, announcing a one year Local Government settlement for 2020/21. This 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 during 2020/21.

However, the above position was approved prior to the onset of the COVID-19 pandemic (see below), late in March 2020. As a result, Government announced a further delay of the Comprehensive Spending Review (CSR), the Fair Funding Review and Business Rates Retention in summer 2020, providing a further one year only settlement for 2021/22. It is currently anticipated that the full three year CSR will be delivered later during 2021/22.

The Impact of the Coronavirus (COVID-19) Pandemic

2020/21 Financial Year

As mentioned above, the COVID-19 pandemic has severely impacted on the Council's resources during 2020/21. The Council has incurred COVID related costs totalling £33.177M during 2020/21 (£1.439M in 2019/20), broken down as follows:

Area of Spend	Value £M	Description
Adult Social Care	10.9	Support to the Council's care providers for staffing, PPE and outbreak control
Test and Trace / Outbreak Control	6.2	Provision of intervention to prevent outbreaks across the borough including marketing and communication
Business Support	3.9	Financial support to businesses not supported via the government scheme (see below)
Hardship / Welfare Assistance	4.4	Support to individuals and families required to self-isolate / financial support for council tax
Other Council Costs	0.4	IT costs, communications
Home to School	0.4	Additional costs associated with transporting vulnerable children
Waste	2.6	Additional costs of waste collection due to people being at home as well as social distancing measures at waste recycling sites
Winter Grants	1.2	Emergency food parcels during school holidays
Other Recovery	1.9	Cost of security and cleaning to safely open public buildings
Children's Social Care	0.6	Increased caseloads as result of the pandemic and support to those leaving care during the pandemic
Homelessness	0.4	Provision of temporary accommodation during lockdowns
Community Testing	0.3	Costs of providing community testing facilities.
Total	33.2	

Over and above these costs, the Council's core income sources have been significantly impacted during 2020/21.

Total income losses stand at £11.4M. The table below provides a further break down:

Area of Spend	Value £M	Description
Taxation Losses	2.9	Losses in income from council tax and business rates.
Car Parking Income	1.2	Losses in income following the closure of car parks and lower footfall due to the lockdown /covid restrictions.
Markets and Commercial Income	2.3	Rent relief provided to the Council's commercial tenants.
Schools Catering	1.2	Loss of income following the closure of schools.
Other Fees and Charges	3.8	Professional fees, legal fees, leisure and cultural income losses and training fees.
Total	11.4	

Further detail is provided in the Council's 2020/21 Corporate Finance Performance Report

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In addition to the above, the Council has also administered financial support payments in excess of £80M, on behalf of the Government to individuals and businesses in the Borough. In accordance with the accounting Code, the Council is purely acting as an agent so these payments, and the associated grant income, are excluded from the Council's accounts.

Type	£Ms
BEIS Business Support Grant	30.5
Local Restrictions Grant Business Support	19.6
Additional Restrictions Grant Business Support (via Sheffield City Region)	4.2
Test and Trace Payments	0.4
Total	54.8

2021/22 Outlook and Beyond

The Government published the next phase of its COVID 19 response by announcing the roadmap out of lockdown on the 22nd February 2021. This four-step roadmap offers the country a route back to normality with the final step seeing all restrictions and legal limits on social contact removed by a revised date of the 19th July 2021.

Aligned to this, the Council has recently introduced the Barnsley Recovery and Renewal Strategy. This strategy sets out how the council will work towards restoring the Borough and supporting residents and businesses to move on from the pandemic.

This strategy sets out five themes:



Costs associated with the ongoing COVID response and recovery effort are currently estimated to be in the region of £16.3M in 2021/22. These costs include:

AREA	21 / 22	DESCRIPTION
Adult Social Care	2.7	Continuing to support the borough's care sector with infection control
Children's Social Care	0.4	Additional support for our most vulnerable children;
Homelessness	0.3	Further accommodation support in private and council settings.
Supporting the Vulnerable	1.6	Support to help the charity and voluntary sector recover; Ongoing financial support for those required to self-isolate;
Outbreak Control	4.0	Ongoing outbreak control measures to help prevent further infections. Community response and compliance.
Kick Start	0.6	Employment of up to 80 Kick Start positions for people at risk of long-term unemployment.
Waste	1.5	Waste disposal – additional tonnages with people staying at home; Extending social distancing for vulnerable employees; Traffic management at waste disposal (recycling) sites.
Building costs	0.5	Additional cost of security and cleaning in council owned building.

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Other	4.7	Additional resourcing requirements to support the recovery effort; Business Support; Provision of PPE for Council employees.
TOTAL	16.3	

In addition, there is a further potential shortfall in income of £1.6M:

AREA	21 / 22	DESCRIPTION
Car Parking	0.8	Losses in income from closure of car parks and lower footfall in the town centre during lockdown/restrictions.
Commercial Rents	0.5	Rent relief provided by the Council to its commercial tenants
Other Fees & Charges	0.3	Leisure and cultural venues / Training fees
Taxation losses	0.0*	Taxation losses have been considered as part of the updated MTFS
TOTAL	1.6	

Therefore, the total estimated cost in 21/22 is £17.9M. The overall position for 21/22 will be continuously monitored as we progress through the recovery and renewal strategy and in line with the Government's roadmap.

This cost will be partly funded from grant monies earmarked and carried forward from 20/21 (£9.2M) together with specific government funding allocations announced for 21/22 (£2.2M) leaving a balance of £6.5M.

	2021/22
	£M
COSTS	16.3
INCOME	1.6
TOTAL	17.9
Less CFwd. Funding	(9.2) *
21/22 Allocation	(2.1)
NET COST	6.5

*Excludes grants carried forward in respect of collection fund losses.

It is proposed to fund this balance using the resources set aside as part of the 21/22 budget setting process. However, it should be noted this position is predicated on the agreed recovery roadmap continuing as hoped/planned. A further increase of COVID infections or any other derailment of the roadmap could result in significant financial pressure unless that is accompanied with further Government support.

The estimated ongoing impact of COVID 19 during 2021/22 and beyond has been captured by the Council's 2030 Plan and the updated 2021-2024 Medium Term Financial Strategy (MTFS).

This will impact on several 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.

Our 2020/21 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 2020/21 (The Code), published by the Chartered Institute of Public Finance and

STATEMENT OF ACCOUNTS 2020/21

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 2020/21 Statement of Accounts is comprised of:

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

These are explained in more detail below.

Statement of Responsibilities for the Statement of Accounts

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

The Core Financial Statements

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

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

[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 2021. 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

STATEMENT OF ACCOUNTS 2020/21

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

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

Notes to the Core Financial Statements

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

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

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

The Supplementary Financial Statements

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

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

The Group Accounts

STATEMENT OF ACCOUNTS 2020/21

[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 2020/21

There has been no change to the Council's accounting policies for 2020/21.

Post Balance Sheet Events

There are no adjusting post balance sheet events following the 31st March 2021.

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

STATEMENT OF ACCOUNTS 2020/21

SECTION 3 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

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

COUNCILLOR A. GARDINER

DATE:

CABINET SPOKESPERSON FOR CORPORATE SERVICES

The Chief Finance Officer's Responsibilities

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

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

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

In conclusion, the Chief Finance Officer certifies that this Statement of Accounts presents a true and fair view of the financial position of the Council as at 31st March 2021.

N COPLEY BA (HONS), CPFA.

DATE:

SERVICE DIRECTOR FOR FINANCE, CHIEF FINANCIAL OFFICER

STATEMENT OF ACCOUNTS 2020/21

SECTION 4 – CORE FINANCIAL STATEMENTS

THE MOVEMENT IN RESERVES STATEMENT

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

<u>Movement in Reserves During 2020/21</u>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 2020	133,875	31,817	16,810	14,821	8,854	206,177	(157,264)	48,913
Reporting of Schools Budget Deficit to New Adjustment Account at 1st April 2020	5,224	-	-	-	-	5,224	(5,224)	-
Restated Balance of Reserves at 1st April 2020	139,099	31,817	16,810	14,821	8,854	211,401	(162,488)	48,913
Total Comprehensive Expenditure & Income	13,610	(9,845)	-	-	-	3,765	58,783	62,548
Adjustments Between Accounting Basis & Funding Basis Under Regulations	42,593	8,980	276	4,193	2,208	58,250	(58,250)	-
Net Increase / (Decrease) in 2020/21	56,203	(865)	276	4,193	2,208	62,015	533	62,548
Balance of Reserves at 31st March 2021	195,302	30,952	17,086	19,014	11,062	273,416	(161,955)	111,461
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet

[Balance Sheet](#)

[CI&ES](#)

[Note 3](#)

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

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2020/21

THE MOVEMENT IN RESERVES STATEMENT

<u>Movement in Reserves During 2019/20</u>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance of Reserves at 1st April 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
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet

[Balance Sheet](#)

[CI&ES](#)

[Note 3](#)

[Note 4 & HRA](#)

[Balance Sheet](#)

STATEMENT OF ACCOUNTS 2020/21

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

2019/20 (Restated)				2020/21			Note / Statement
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s	
			Net Cost of Services:				
153,283	(100,401)	52,882	Children's Services	143,626	(96,228)	47,398	
103,913	(29,777)	74,136	Place	103,502	(27,454)	76,048	
74,882	(71,970)	2,912	Housing Revenue Account	72,781	(72,493)	288	HRA
96,755	(40,355)	56,400	Adults & Communities	92,144	(42,716)	49,428	
12,539	(7,787)	4,752	Public Health	10,323	(8,366)	1,957	
104,052	(105,655)	(1,603)	Core Services	113,222	(101,991)	11,231	
13,855	(25,421)	(11,566)	Corporate Services	12,867	(29,718)	(16,851)	
1,439	-	1,439	Exceptional Item – COVID 19	32,937	(22,542)	10,395	8
560,718	(381,366)	179,352	Net Cost of Services	581,402	(401,508)	179,894	EFA
			Other Operating Income & Expenditure:				
436	-	436	Parish Council Precepts	414	-	414	
1,666	-	1,666	Payments to Central Government Housing Capital Receipts Pool	1,666	-	1,666	
6,973	(10,558)	(3,585)	(Gains) / Losses on The Disposal of Non-Current Assets	4,396	(5,962)	(1,566)	
9,679	-	9,679	Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers	6,769	-	6,769	8
18,754	(10,558)	8,196	Total Other Operating Expenditure	13,245	(5,962)	7,283	
			Financing & Investment Income & Expenditure:				
22,895	-	22,895	Interest Payable on Debt	23,747	-	23,747	
97	-	97	Interest Element of Finance Leases	76	-	76	
20,279	-	20,279	Interest Payable on PFI Unitary Payments	19,395	-	19,395	
10,446	-	10,446	Net Interest on The Defined Benefit Liability / Asset	9,537	-	9,537	37
-	-	-	Movement in Fair Value of Financial Assets	-	-	-	
1,358	-	1,358	Expected Credit Loss Model	396	-	396	
-	-	-	Premium Incurred on Early Redemption of Debt	-	-	-	
-	(1,959)	(1,959)	Investment Interest Income	-	(809)	(809)	
-	(207)	(207)	Dividends Receivable	-	(113)	(113)	
-	(10)	(10)	Interest Received on Finance Leases	-	(10)	(10)	
3,612	(4,357)	(745)	(Surplus) / Deficit of Trading Undertakings or Other Operations	4,803	(4,455)	348	9
58,687	(6,533)	52,154	Total Financing & Investment Income & Expenditure	57,954	(5,387)	52,567	

Continued overleaf.

STATEMENT OF ACCOUNTS 2020/21

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

2019/20				2020/21			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:				
-	(25,289)	(25,289)	Recognised Capital Grants & Contributions	-	(35,966)	(35,966)	
-	(4,976)	(4,976)	Section 31 Grant	-	(24,924)	(24,924)	
-	(8,175)	(8,175)	Exceptional Item – COVID 19 Related General Grants	-	(19,459)	(19,459)	8
-	(12,746)	(12,746)	Revenue Support Grant (RSG)	-	(12,954)	(12,954)	
-	(98,646)	(98,646)	Council Tax	-	(102,437)	(102,437)	
-	(25,394)	(25,394)	Business Rates Retention Scheme – Locally Retained	-	(15,034)	(15,034)	
-	(32,210)	(32,210)	Business Rates Retention Scheme – Top Up Grant	-	(32,735)	(32,735)	
-	(207,436)	(207,436)	Total Taxation & Non Specific Grant Income	-	(243,509)	(243,509)	
638,159	(605,893)	32,266	(Surplus) / Deficit on Provision of Services	652,601	(656,366)	(3,765)	6
			Other Comprehensive Income & Expenditure:				
6,318	(46,763)	(40,445)	(Gains) / Losses on Revaluation of Property, Plant & Equipment Assets	3,023	(95,698)	(92,675)	5
57	-	57	(Gains) / Losses on Revaluation of Financial Instruments	111	-	111	5
-	(60,930)	(60,930)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	33,781	-	33,781	37
6,375	(107,693)	(101,318)	Other Comprehensive Income & Expenditure	36,915	(95,698)	(58,783)	
644,534	(713,586)	(69,052)	Total Comprehensive Income & Expenditure	689,516	(752,064)	(62,548)	

STATEMENT OF ACCOUNTS 2020/21

BALANCE SHEET AS AT 31st MARCH 2021

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

2019/20 £000s		2020/21 £000s	2020/21 £000s	Note / Statement
	NON-CURRENT ASSETS			
	Property Plant and Equipment:			
580,429	- Council Dwellings	647,463		19
301,594	- Other Land & Buildings	282,683		19
9,435	- Vehicles, Plant, Furniture & Equipment	8,863		19
264,599	- Infrastructure Assets	283,291		19
70,118	- Assets Under Construction	107,118		19
2,924	- Surplus Assets	1,769		19
1,229,099			1,331,187	
10,427	Heritage Assets	11,215		21
925	Intangible Assets	815		22
4,422	Long Term Investments	4,281		27
909	Long Term Debtors	1,948		27
16,683			18,259	
1,245,782	Total Non-Current Assets		1,349,446	
	CURRENT ASSETS			
4,108	Assets 'Held for Sale'	8,413		23
57,197	Short Term Investments	60,048		27
1,101	Inventories	1,186		29
10,072	Local Taxation Debtors	10,290		30
(9,772)	Impairment of Local Taxation Debtors	(10,243)		30
62,264	Other Short Term Debtors	47,848		31
(7,776)	Impairment of Short Term Debtors	(6,490)		31
68,569	Cash & Cash Equivalents	53,010		Cash Flow
185,763	Total Current Assets		164,062	
1,431,545	TOTAL ASSETS		1,513,508	
	CURRENT LIABILITIES			
(31,229)	Short Term Borrowing	(21,788)		27
(9,507)	Other Short Term Liabilities	(8,797)		27
(49,077)	Short Term Creditors	(47,929)		32
(6,380)	Short Term Provisions	(6,368)		34
(17,699)	Capital Grants Receipts in Advance	(23,602)		33
(8,152)	Revenue Grants Receipts in Advance	(6,295)		33
(122,044)	Total Current Liabilities		(114,779)	
	LONG TERM LIABILITIES			
(645,650)	Long Term Borrowing	(628,230)		27
(202,861)	Other Long Term Liabilities	(194,062)		27
(3,725)	Long Term Provisions	(4,521)		34
(408,352)	Retirement Benefit Obligations	(460,455)		37
(1,260,588)	Total Long Term Liabilities		(1,287,268)	
(1,382,632)	TOTAL LIABILITIES		(1,402,047)	
48,913	NET ASSETS / (LIABILITIES)		111,461	

Continued overleaf

STATEMENT OF ACCOUNTS 2020/21
BALANCE SHEET AS AT 31st MARCH 2021 (CONTINUED)

2019/20 £000s		2020/21 £000s	2020/21 £000s	Note / Statement
	USEABLE RESERVES:			
133,875	- General Fund	195,302		4 / MIRS
31,817	- Housing Revenue Account	30,952		4 / MIRS / HRA
16,810	- Useable Capital Receipts Reserve	17,086		MIRS
14,821	- Major Repairs Reserve	19,014		MIRS
8,854	- Capital Grant Unapplied Reserve	11,062		MIRS
206,177	TOTAL USEABLE RESERVES		273,416	
	UNUSABLE RESERVES:			
(24,780)	- Capital Adjustment Account	(35,182)		5
60	- Deferred Capital Receipts Reserve	497		5
(12,057)	- Financial Instruments Adjustment Account	(11,473)		5
(408,352)	- Pensions Reserve	(462,018)		5
(320)	- Financial Instrument Revaluation Reserve	(431)		5
271,208	- Revaluation Reserve	352,241		5
(3,007)	- Accumulated Absences Account	(2,482)		5
19,984	- Collection Fund Adjustment Account	8,650		5
-	- DSG Deficit Adjustment Account *	(11,757)		5
(157,264)	TOTAL UNUSABLE RESERVES		(161,955)	
48,913	TOTAL RESERVES		111,461	

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

I certify that these accounts were placed on account with the Council's external auditors, Grant Thornton LLP on 28th July 2021.

Cllr. Caroline Makinson

Date:

STATEMENT OF ACCOUNTS 2020/21

CASH FLOW STATEMENT

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

2019/20 £000s		2020/21 £000s	2020/21 £000s	Note
32,266	Net (Surplus) / Deficit on Provision of Services		(3,765)	CI&ES
	<u>Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:</u>			
(79,136)	- Depreciation & Impairment	(79,530)		
(19,024)	- Pension Fund Adjustments	(20,661)		
(16,652)	- Carrying Amount of Non-Current Assets Sold	(11,166)		
815	- (Increase) / Decrease in Provisions	(1,147)		
32	- Increase / (Decrease) in Inventories	85		
17,204	- Increase / (Decrease) in Debtors	(13,536)		
3,144	- (Increase) / Decrease in Creditors	(8,051)		
644	- Other Non-Cash Adjustments	607		
(92,973)			(133,399)	
	<u>Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:</u>			
25,289	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	35,966		
-	- Premiums Paid on Early Settlement of Debt	-		
10,558	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	6,088		
35,847			42,054	
(24,860)	Net Cash (Inflow) / Outflow From Operating Activities		(95,110)	
(4,705)	Net Cash (Inflow) / Outflow From Investing Activities		64,447	39
(3,613)	Net Cash (Inflow) / Outflow From Financing Activities		46,222	40
(33,178)	Net (Increase) / Decrease in Cash & Cash Equivalents		15,559	

35,391	Cash & Cash Equivalents as at 1st April	68,569
33,178	Net Increase / (Decrease) in Cash & Cash Equivalents	(15,559)
68,569	Cash & Cash Equivalents as at 31st March	53,010
	Made Up Of The Following Elements:	
2	Cash Held By The Council	2
(5,345)	Cash in Transit *	(12,314)
(1,103)	Bank Current Accounts	10,310
75,015	Short Term Deposits With Financial Institutions	55,012
68,569	Total Cash & Cash Equivalents	53,010

* 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 2020/21
SECTION 5 – NOTES TO THE CORE FINANCIAL STATEMENTS

THE EXPENDITURE AND FUNDING ANALYSIS

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

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2019/20 (Restated)				2020/21		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000s	£000s	£000s		£000s	£000s	£000s
38,895	13,987	52,882	Children's Services	38,685	8,713	47,398
38,916	35,220	74,136	Place	44,096	31,952	76,048
(18,018)	20,930	2,912	Housing Revenue Account	(16,801)	17,089	288
52,057	4,343	56,400	Adults & Communities	45,441	3,987	49,428
4,397	355	4,752	Public Health	1,469	488	1,957
(6,304)	4,701	(1,603)	Core Services	(5,431)	16,662	11,231
(11,588)	22	(11,566)	Corporate Services	(17,040)	189	(16,851)
1,439	-	1,439	Exceptional Item – COVID 19	10,395	-	10,395
99,794	79,558	179,352	Net Cost of Services	100,814	79,080	179,894
436	7,760	8,196	Other Operating Income & Expenditure	414	6,869	7,283
41,708	10,446	52,154	Financing & Investment Income & Expenditure	43,030	9,537	52,567
(180,225)	(27,211)	(207,436)	Taxation & Non Specific Grant Income	(218,876)	(24,633)	(243,509)
(38,287)	70,553	32,266	(Surplus) / Deficit on Provision of Services	(74,618)	70,853	(3,765)
39,783	(39,783)	-	Items Presented Within The Movement in Reserves Statement	19,280	(19,280)	-
1,496	30,770	32,266	TOTAL	(55,338)	51,573	(3,765)
Note 1 / MIRS	Split Between:	CI&ES		Note 1 / MIRS	Split Between:	CI&ES
General Fund	23,880			General Fund	42,593	
HRA	6,890			HRA	8,980	
	30,770				51,573	
	Note 2 / Note 3 / MIRS				Note 2 / Note 3 / MIRS	

STATEMENT OF ACCOUNTS 2020/21

THE EXPENDITURE AND FUNDING ANALYSIS (CONTINUED)

2019/20			Movement on Reserves:	2020/21		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000s	£000s	£000s		£000s	£000s	£000s
130,114	37,074	167,188	Opening Balances as at 1st April	133,875	31,817	165,692
-	-	-	Reporting of Schools Budget Deficit to New Adjustment Account at 1st April 2020	5,224	-	5,224
130,114	37,074	167,188	Revised Balances as at 1st April	139,099	31,817	170,916
3,761	(5,257)	(1,496)	Plus/(Less) Surplus or (Deficit) on General Fund & HRA Balances in Year	56,203	(865)	55,338
133,875	31,817	165,692	Closing Balances as at 31st March	195,302	30,952	226,254
Note 4 / MIRS	Note 4 / MIRS	Note 4 / MIRS		Note 4 / MIRS	Note 4 / MIRS	Note 4 / MIRS

STATEMENT OF ACCOUNTS 2020/21

NOTES PRIMARILY RELATING TO THE EXPENDITURE & FUNDING ANALYSIS

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

Description:	This note provides a reconciliation between the Council's Management Accounts and the first column of the Expenditure & Funding Analysis which represents the actual movement on the Council useable reserves for the year. 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	2020/21				
	Management Accounts as Per Final Accounts Report (Note 1A)	Items Not Included in Net Cost of Services (Note 1B)	Items Not Included Within The CI&ES (Note 1C)	Corporate Funding / Expenditure (Note 1D)	Net Expenditure Chargeable to the General Fund and HRA Balances (Note 1E)
	£000s	£000s	£000s	£000s	£000s
Children's Services	38,685	-	-	-	38,685
Place	43,872	224	-	-	44,096
Housing Revenue Account	-	(10,404)	(6,397)	-	(16,801)
Adults & Communities	45,441	-	-	-	45,441
Public Health	1,469	-	-	-	1,469
Core Services	(5,360)	(56)	(15)	-	(5,431)
Corporate Services	(11,595)	13,091	(18,536)	-	(17,040)
Exceptional Item – COVID 19	10,395	-	-	-	10,395
Net Cost of Services	122,907	2,855	(24,948)	-	100,814
Other Operating Income & Expenditure	-	-	-	414	414
Financing & Investment Income & Expenditure	-	43,030	-	-	43,030
Taxation & Non Specific Grant Income	-	(45,885)	-	(172,991)	(218,876)
(Surplus) / Deficit on Provision of Services	122,907	-	(24,948)	(172,577)	(74,618)
Items Presented Within The Movement in Reserves Statement (Note 1F)	-	-	18,415	865	19,280
TOTAL NET EXPENDITURE	122,907	-	(6,533)	(171,712)	(55,338)

[EFA](#)

STATEMENT OF ACCOUNTS 2020/21

Adjustments from Management Accounts to Financial Reporting Format	2019/20 (Restated)				
	Management Accounts as Per Final Accounts Report (Note 1A)	Items Not Included in Net Cost of Services (Note 1B)	Items Not Included Within The CI&ES (Note 1C)	Corporate Funding / Expenditure (Note 1D)	Net Expenditure Chargeable to the General Fund and HRA Balances (Note 1E)
	£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	37,199	(22,226)	(26,561)	-	(11,588)
Exceptional Item – COVID 19	1,439	-	-	-	1,439
Net Cost of Services	165,302	(30,982)	(34,526)	-	99,794
Other Operating Income & Expenditure	-	-	-	436	436
Financing & Investment Income & Expenditure	-	41,708	-	-	41,708
Taxation & Non Specific Grant Income	-	(10,726)	-	(169,499)	(180,225)
(Surplus) / Deficit on Provision of Services	165,302	-	(34,526)	(169,063)	(38,287)
Items Presented Within The Movement in Reserves Statement (Note 1F)	-	-	34,526	5,257	39,783
TOTAL NET EXPENDITURE	165,302	-	-	(163,806)	1,496

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Adjustments From Management Accounts to Financial Reporting Format – Explanatory Notes

Note 1A: Management Accounts as Per Final Accounts Report

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

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

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

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

STATEMENT OF ACCOUNTS 2020/21

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

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

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

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

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

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

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

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

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

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<u>Adjustments from General Fund / HRA to Arrive at the Comprehensive Income and Expenditure Statement Amounts</u>	2019/20			
	Adjustments for Capital Purposes (Note 2A)	Net Change for the Pensions Adjustments (Note 2B)	Other Differences (Note 2C)	Total Adjustments
	£000s	£000s	£000s	£000s
Children's Services	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
Items Presented Within The Movement in Reserves Statement	(30,613)	(8,534)	(636)	(39,783)
TOTAL NET EXPENDITURE	22,976	10,490	(2,696)	30,770

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Adjustments between Funding and Accounting Basis per Directorate – Explanatory Notes

Note 2A: Adjustments for Capital Purposes

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

- **Other Operating Income & Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **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 2B: Net Change for the Pensions Adjustments

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

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

Note 2C: Other Differences

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

- For **Financing & Investment Income & Expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation & Non-Specific Grant Income & Expenditure** represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in The Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

STATEMENT OF ACCOUNTS 2020/21

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.

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

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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
<u>Adjustments to Revenue Resources</u>						
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)
<u>Adjustments Between Revenue and Capital Resources</u>						
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
<u>Adjustments to Capital Resources</u>						
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 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 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 st March 2020	Adj. to Opening Reserves Balance	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 st March 2021
General Fund:	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<u>Service Earmarked Reserves:</u>								
<u>People Directorate:</u>								
School Balances	2,335	(2,335)	2,051	2,051	-	(2,051)	5,267	5,267
Centrally Retained DSG Budgets	-	-	(5,224)	(5,224)	5,224	-	-	-
Future Demography / Social Care Pressures	10,000	-	-	10,000	-	-	6,000	16,000
Other People Directorate Earmarkings	859	(359)	599	1,099	-	(1,099)	942	942
<u>Place Directorate:</u>								
Jobs & Growth Plan	544	(247)	-	297	-	(168)	-	129
Waste Disposal - Transfer Loading Station	651	(651)	348	348	-	(348)	-	-
Other Place Directorate Earmarkings	6,124	(3,513)	1,819	4,430	-	(2,211)	1,766	3,985
<u>Communities Directorate:</u>								
Area Council Funding	1,100	(1,100)	1,088	1,088	-	(1,088)	1,127	1,127
CCG Funding	2,205	(2,205)	-	-	-	-	-	-
Libraries Review	1,000	-	-	1,000	-	(1,000)	-	-
Other Communities Directorate Earmarkings	7,546	(5,660)	6,357	8,243	-	(6,646)	14,529	16,126
<u>Public Health Directorate:</u>								
Public Health Grant	2,629	(2,629)	-	-	-	-	-	-
Other Public Health Earmarkings	2,000	(2,000)	1,267	1,267	-	(1,267)	1,454	1,454
<u>Core Services Directorate:</u>								
PFI / BSF Programme	5,647	(204)	571	6,014	-	(571)	1,836	7,279
Other Core Services Directorate Earmarkings	5,533	(1,701)	1,441	5,273	-	(515)	681	5,439
<u>Corporate Earmarked Reserves:</u>								
<u>Capital Programme Earmarkings:</u>								
Glassworks Scheme	19,124	(3,916)	2,000	17,208	-	(4,932)	9,991	22,267
Future Council Priorities	22,871	(4,837)	10,838	28,872	-	(9,409)	7,173	26,636
<u>Corporate Earmarkings</u>								
Revenue Investments – 20/21 Budgets	-	(453)	718	265	-	(4,120)	8,436	4,581
Future Council – Downsizing Costs / KLOE Mitigation	9,608	(4,739)	-	4,869	-	(1,030)	3,067	6,906
Insurance Fund Reserve	6,200	-	503	6,703	-	(554)	-	6,149
Invest to Grow	1,057	(757)	317	617	-	(91)	-	526
Commercial Fund	350	(140)	500	710	-	(62)	-	648
MRP Future Years	4,047	-	1,976	6,023	-	-	1,613	7,636
COVID 19 - Recovery Strategy	-	-	1,909	1,909	-	-	-	1,909
COVID 19 - Grant	-	-	6,736	6,736	-	-	24,420	31,156
Other Corporate Earmarkings	2,947	(823)	1,953	4,077	-	(514)	5,577	9,140
Sub Total – G/F Earmarked Reserves	114,377	(38,269)	37,767	113,875	5,224	(37,676)	93,879	175,302

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	Balance at 31 st March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 st March 2020	Adj. to Opening Reserves Balance	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 st March 2021
General Fund:	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Non-Earmarked Reserves:								
Minimum Working Balances (Contingency for Unforeseen Events)	15,000	-	5,000	20,000		-	-	20,000
In Year Surplus / (Deficit)	737	(737)	-	-		-	-	-
Sub Total – G/F Non- Earmarked Reserves	15,737	(737)	5,000	20,000	-	-	-	20,000
Total – General Fund Reserves	130,114	(39,006)	42,767	133,875	5,224	(37,676)	93,879	195,302
Total General Fund Movement		3,761				56,203		Balance Sheet
		EFA / MIRS				EFA / MIRS		

	Balance at 31 st March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 st March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 st March 2021
Housing Revenue Account:	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Earmarked Reserves:							
Capital Reserve	3,585	(3,585)	-	-	-	-	-
Housing Growth	18,663	(2,682)	3,247	19,228	(2,572)	1,000	17,656
Welfare Reform	3,000	-	-	3,000	(1,000)	-	2,000
New Build Bungalows	1,422	(1,041)	-	381	(27)	-	354
Held Pending Review of 30 Year Business Plan	3,000	(2,126)	-	874	-	2,269	3,143
Homelessness Act Team	200	(200)	-	-	-	-	-
Repairs & Maintenance Slippage 2018/19	120	(120)	-	-	-	273	273
COVID-19 Financial Recovery	-	-	590	590	(590)	-	-
Electrical Testing	452	-	100	552	(156)	-	396
Legionella Testing	185	(93)	-	92	(92)	-	-
Asbestos Programme	-	-	100	100	(100)	-	-
Investment in Council HRA System	-	-	-	-	-	100	100
Legal Fees	-	-	-	-	-	30	30
Sub Total – HRA Earmarked Reserves	30,627	(9,847)	4,037	24,817	(4,537)	3,672	23,952
Non-Earmarked Reserves:							
Minimum Working Balances (Contingency for Unforeseen Events)	5,200	-	1,800	7,000	-	-	7,000
In Year Surplus	1,247	(1,247)	-	-	-	-	-
Sub Total – HRA Non-Earmarked Reserves	6,447	(1,247)	1,800	7,000	-	-	7,000
Total – HRA Reserves	37,074	(11,094)	5,837	31,817	(4,537)	3,672	30,952
Total HRA Movement		(5,257)			(865)		Balance Sheet / HRA
		EFA / MIRS			EFA / MIRS		

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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 2019 £000s	31 st March 2020 £000s		31 st March 2021 £000s
(2,714)	(24,780)	Capital Adjustment Account	(35,182)
61	60	Deferred Capital Receipts Reserve	497
(12,693)	(12,057)	Financial Instruments Adjustment Account	(11,473)
(458,793)	(408,35)	Pensions Reserve	(462,018)
(263)	(320)	Financial Instruments Revaluation Reserve	(431)
240,484	271,208	Revaluation Reserve	352,241
(3,145)	(3,007)	Accumulated Absences Account	(2,482)
18,062	19,984	Collection Fund Adjustment Account	8,650
-	-	DSG Deficit Adjustment Account	(11,757)
(219,001)	(157,264)	Total Unusable Reserves	(161,955)

[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.

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.

2019/20 £000s		2020/21	
		£000s	£000s
(2,714)	Balance at 1st April		(24,780)
(78,896)	Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income & Expenditure Statement:		
(241)	- Charges for Depreciation & Impairment of Non-Current Assets	(79,250)	
(6,868)	- Amortisation of Intangible Assets	(280)	
(16,652)	- Revenue Expenditure Funded From Capital Under Statute	(5,471)	
	- Amounts of Non-Current Assets Written Off on Disposal or Sale as Part of Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	(11,166)	
(102,657)			(96,167)
9,721	Adjusting Amount Written Out to the Revaluation Reserve		11,642
(92,936)	Net Written Out Amount of the Cost of Non-Current Assets Consumed in Year		(84,525)
	Capital Financing Applied in Year:		
6,860	- Use of the Capital Receipts Reserve to Finance New Expenditure	3,584	
461	- Use of the Capital Receipts Reserve to Write Down Debt Requirement	51	
18,266	- Capital Grants & Contributions Credited to the Comprehensive Income & Expenditure Statement That Have Been Applied to Capital Financing / Write Down Debt	32,419	
16,723	- Use of Major Repairs Reserve to Finance New Capital Expenditure	16,956	
3,965	- Application of Grants to Capital Financing From Capital Grants Unapplied Account	1,340	
7,486	- Statutory Provision for the Financing of Capital Investment Charged Against the General Fund & HRA Balances	8,671	
17,275	- Capital Expenditure Charged Against the General Fund & HRA Balances	11,153	
71,036			74,174

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2019/20		2020/21	
£000s		£000s	£000s
(2,714)	Balance at 1st April		(24,780)
-	Movement in the Market Value of Investment Properties Debited / Credited to the Comprehensive Income & Expenditure Statement	-	
(166)	Receipts Received Relating to Loans, Advances & Investments Made By The Council, Originally Funded From Capital Resources, Thus Reducing The Ongoing Requirement to Borrow	(51)	
(166)			(51)
(24,780)	Balance at 31st March		(35,182)

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.

2019/20		2020/21
£000s		£000s
61	Balance at 1st April	60
-	Transfer of Deferred Sale Proceeds Credited as Part of the Gain / Loss on Disposal to the Comprehensive Income & Expenditure Statement	438
(1)	Transfer to the Capital Receipts Reserve Upon Receipt of Cash	(1)
60	Balance at 31st March	497

Financial Instruments Adjustment Account

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

2019/20		2020/21	
£000s		£000s	£000s
(12,693)	Balance at 1st April		(12,057)
-	Premiums Incurred in the Year & Charged to the Comprehensive Income & Expenditure Statement	-	
636	Proportion of Premiums Incurred in Previous Financial Years to be Charged Against the General Fund Balance in Accordance With Statutory Requirements	584	
636	Amount by Which Finance Costs Charged to the Comprehensive Income & Expenditure Statement are Different from Finance Costs Chargeable in the Year in Accordance with Statutory Requirements		584
(12,057)	Balance at 31st March		(11,473)

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

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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.

2019/20		2020/21	
£000s		£000s	
(458,793)	Balance at 1st April	(408,352)	
60,930	Actuarial Gains or (Losses) on Pensions Assets & Liabilities	(33,781)	CI&ES
(36,252)	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	(39,242)	
25,763	Employer's Pensions Contributions	19,357	
(408,352)	Balance at 31st March	(462,018)	

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.

2019/20		2020/21	
£000s		£000s	£000s
(263)	Balance at 1st April		(320)
-	Upward Revaluation of Investments	-	(111)
(57)	Downward Revaluation of Investments	(111)	
-	Change in Impairment Loss Allowance	-	
(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	-	
-			-
(320)	Balance at 31st March		(431)

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.

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2019/20		2020/21	
£000s		£000s	£000s
240,484	Balance at 1st April		271,208
47,441	Upward Revaluation of Assets	97,958	
(6,319)	Downward Revaluation of Assets & Impairment Losses Not Charged to the Surplus / Deficit on the Provision of Services	(3,022)	
(677)	Reversal Of Revaluation Loss (Net of Depreciation)	(2,259)	
40,445	Surplus or Deficit on Revaluation of Non-Current Assets Not Posted to The Surplus or Deficit on the Provision of Services		92,677
(6,207)	Difference Between Fair Value Depreciation & Historical Cost Depreciation	(7,398)	
-	Revaluation Reserve Balances of Investment Properties Written Out on Transfer of Asset Category	-	
(3,514)	Accumulated Gains on Assets Sold or Scrapped	(4,246)	
(9,721)	Amount Written Off to the Capital Adjustment Account		(11,644)
271,208	Balance at 31st March		352,241

[CI&ES](#)

Accumulated Absences Account

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

2019/20		2020/21	
£000s		£000s	£000s
(3,145)	Balance at 1st April		(3,007)
3,145	Settlement or Cancellation of Accrual Made at the End of the Preceding Year	3,007	
(3,007)	Amounts Accrued at the End of the Current Year	(2,482)	
138	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		525
(3,007)	Balance at 31st March		(2,482)

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.

2019/20		2020/21	
£000s		£000s	
18,062	Balance at 1st April	19,984	
1,922	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	(11,334)	
19,984	Balance at 31st March	8,650	Collection Fund

Dedicated Schools Grant Deficit Adjustment Account

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

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2019/20 £000s		2020/21 £000s
-	Balance at 1st April	-
-	Reporting of Opening Schools' Budget Deficit	(5,224)
-	Revised Balance at 1st April	(5,224)
-	Deficit Charged in Year	(6,533)
-	Balance at 31st March	(11,757)

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:

<u>Expenditure / Income</u>	2019/20 (Restated) £000s	2020/21 £000s
<u>Expenditure:</u>		
Employee Benefits Expenses	174,054	178,728
Other Services Expenses	305,630	322,868
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	86,004	85,005
Interest Payments	53,717	52,755
Precepts & Levies	436	414
Payments to Housing Capital Receipts Pool	1,666	1,666
Write Out NBV Relating to the Disposal of Assets	16,652	11,165
Total Expenditure	638,159	652,601
<u>Income:</u>		
Fees, Charges & Other Service Income	(139,691)	(133,607)
Interest & Investment Income	(2,177)	(932)
Income From Council Tax & Non-Domestic Rates	(124,040)	(117,470)
Government Grants & Contributions	(329,427)	(398,395)
Sale Proceeds Relating to the Disposal of Assets	(10,558)	(5,962)
Total Income	(605,893)	(656,366)
Surplus or Deficit on the Provision of Services	32,266	(3,765)

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[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.

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

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

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TOTAL EXPENDITURE (Prior Year Comparator)	2019/20 (Restated)							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	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	7,886	-	32,895	-	-	-	48,107
Exceptional Item – COVID 19	-	1,439	-	-	-	-	-	1,439
Non Directorate	-	-	-	10,446	436	1,666	16,652	29,200
Total	174,054	305,630	86,004	53,717	436	1,666	16,652	638,159

TOTAL INCOME (Prior Year Comparator)	2019/20 (Restated)					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)	(21,514)	-	(29,273)
Exceptional Item – COVID 19	-	-	-	-	-	-
Non Directorate	-	-	(122,850)	(82,036)	(10,558)	(215,444)
Total	(139,691)	(2,177)	(124,040)	(329,427)	(10,558)	(605,893)

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:

2019/20 £000s		2020/21 £000s
(108,737)	Revenue From Contracts With Service Recipients	(107,743)
(108,737)	Total Included in Comprehensive Income & Expenditure Statement	(107,743)

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.

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Note 8 – Material Items of Income and Expense & Exceptional Items

Description:	The first part of this note identifies any material items of income or expense that occurred during 2020/21, defined as any material individual transaction to or from a single vendor or customer.
	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.
Relevant Accounting Policies:	Accounting Policy 6

Material Items of Income & Expense

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

COVID

During 2020/21, the Council incurred significant expenditure as a result of the COVID-19 global pandemic, along with a number of significant grants provided by the Government, to fund such expenditure.

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

Exceptional Items

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

COVID Expenditure and Specific COVID Related Grants

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

The Council incurred COVID related costs totalling £33.177M during 2020/21 (£1.439M in 2019/20), broken down as follows:

Area of Spend	Value £M	Description
Adult Social Care	10.9	Support to the Council's care providers for staffing, PPE and outbreak control
Test and Trace / Outbreak Control	6.2	Provision of intervention to prevent outbreaks across the borough including marketing and communication
Business Support	3.9	Financial support to businesses not supported via the government scheme (see below)
Hardship / Welfare Assistance	4.4	Support to individuals and families required to self-isolate / financial support for council tax
Other Council Costs	0.4	IT costs, communications
Home to School	0.4	Additional costs associated with transporting vulnerable children
Waste	2.6	Additional costs of waste collection due to people being at home as well as social distancing measures at waste recycling sites
Winter Grants	1.2	Emergency food parcels during school holidays
Other Recovery	1.9	Cost of security and cleaning to safely open public buildings
Children's Social Care	0.6	Increased caseloads as result of the pandemic and support to those leaving care during the pandemic
Homelessness	0.4	Provision of temporary accommodation during lockdowns
Community Testing	0.3	Costs of providing community testing facilities.
Total	33.2	

The Council accounted for specific grants and income totalling £22.542M during 2020/21 (£nil in 2019/20). The £22.542M above includes other contributions / income that are not accounted for as grants, totalling £0.235M. A breakdown of the grants, totalling £22.307M is provided in [Note 15](#) to these accounts.

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General COVID Related Grants

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

The Council accounted for £19.459M during 2020/21 (£8.175M in 2019/20). A breakdown of these grants is provided in [Note 15](#) to these accounts.

The Council Acting as an Agent on Behalf of The Government

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

The Council recognised a creditor totalling £4.480M in 2020/21 (£12.180M debtor in 2019/20), the table shows the composition of these net creditor positions.

As At 31 st March 2020				As At 31 st March 2021		
Debtor	Creditor	Net		Debtor	Creditor	Net
£000s	£000s	£000s		£000s	£000s	£000s
12,180	-	12,180	BEIS Business Support Grant	30,520	(30,520)	-
-	-	-	Local Restrictions Grant	19,646	(23,828)	(4,182)
-	-	-	Test and Trace Payments	384	(458)	(74)
-	-	-	Additional Restrictions Grant	4,232	(4,456)	(224)
12,180	-	12,180	Total	54,782	(59,262)	(4,480)

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:

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

[CI&ES](#)

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

[CI&ES](#)

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.

Details of those units are as follows:

2019/20		Trading Service	2020/21	
£000s	£000s		£000s	£000s
(1,208) 716	(492)	Waste & Recycling	(1,221) 717	(504)
			(Surplus)/Deficit	
(14,065) 10,335	(3,730)	Engineering Services	(13,208) 10,702	(2,506)
			(Surplus)/Deficit	
(4,984) 10,694	5,710	Building Services	(4,372) 9,947	5,575
			(Surplus)/Deficit	
(2,241) 3,808	1,567	Fleet Services	(3,093) 4,847	1,754
			(Surplus)/Deficit	
(3,316) 3,393	77	Schools Catering	(1,428) 2,651	1,223
			(Surplus)/Deficit	
(988) 6,838	5,850	Information Services (Other)	- -	-
			(Surplus)/Deficit	
(783) 824	41	Markets	(138) 822	684
			(Surplus)/Deficit	
(1,905) 3,591	1,686	Neighbourhood Services	(1,903) 3,743	1,840
			(Surplus)/Deficit	
(11,840) 12,936	1,096	The Consolidated Results of the Other Trading Units	(7,681) 7,495	(186)
			(Surplus)/Deficit	
(41,330) 53,135		TOTALS	(33,044) 40,924	
11,805		Net (Surplus) / Deficit on Trading Operations	7,880	

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:

2019/20 £000s		2020/21 £000s
11,805	Net Deficit on Trading Operations	7,880
(4,844)	Services to the Public Included in the Net Cost of Services	2,587
(7,706)	Support Services Recharged to Net Cost of Services	(10,119)
(745)	Net Deficit / (Surplus) Posted to Financing & Investment Income & Expenditure	348

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STATEMENT OF ACCOUNTS 2020/21

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 2020/21, the Council has recognised revaluation losses of £44.437M (£45.145M in 2019/20) through the Comprehensive Income & Expenditure Statement as shown below:

2019/20 £000s	Asset Categories:	2020/21 £000s
	Charged to Net Cost of Services:	
20,661	Council Dwellings	17,096
23,493	Other Land & Buildings	28,541
803	Surplus Assets	(1,168)
188	Assets Held for Sale	(32)
45,145	Total Charged to Net Cost of Services	44,437
	Charged to Financing & Investment Income & Expenditure:	
-	Investment Properties	-
-	Total Charged to Financing & Investment Income & Expenditure	-
45,145	Total Charged to Comprehensive Income & Expenditure Statement	44,437

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.

2019/20 £000s		People Directorate £000s	Revenue Account £000s	2020/21 £000s
	Value of Aligned Budgets:			
(6,456)	Opening Balance at 1 st April	(4,814)	-	(4,814)
(33,020)	BCCG	(34,790)	-	(34,790)
(39,476)	Total	(39,604)	-	(39,604)
	Value of Commissioned Services:			
4,266	SWYPFT*	1,656	-	1,656
33,960	Barnsley MBC	35,792	-	35,792
1,250	BCCG	2,156	-	2,156
278	Balance on Revenue Account	-	(1,665)	(1,665)
39,754	Total	39,604	(1,665)	37,939
278	Balance as at 31st March	-	(1,665)	(1,665)

*SWYPFT – South & West Yorkshire Partnership Foundation Trust.

2019/20 £000s		2020/21 £000s
	Distribution of Over /(Under) Spend:	
(502)	BCCG	(1,208)
780	Barnsley MBC	(457)
278	Total	(1,665)

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Income & Expenditure Account

2019/20 £000s		2020/21 £000s
	Income from Pooled Budget:	
-	Balance Brought Forward	-
(39,476)	Pooled Budget Income	(39,604)
-	Other Funding	-
(39,476)	Total	(39,604)
	Provider Expenditure:	
2,030	Barnsley CCG	948
33,458	Barnsley MBC (CYP&F / PH)	35,450
4,266	SWYPFT	1,541
39,754	Total	37,939
278	Over / (Under) Spend	(1,665)
-	Ring-Fenced & Carried Forward	-
278	NET EXPENDITURE	(1,665)

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 2020/21 financial year.

A summary of the pooled budget is shown below:

2019/20 £000s	BCF Pooled Account	2020/21 £000s
(1,388)	Balance as at 1st April	-
	Contribution to the BCF Pool:	
(19,682)	Barnsley Clinical Commissioning Group	(20,736)
(16,031)	Barnsley Metropolitan Borough Council	(16,432)
(35,713)	Total	(37,168)
	Value of Commissioned Services:	
28,029	Barnsley Clinical Commissioning Group	27,610
9,072	Barnsley Metropolitan Borough Council	9,558
37,101	Total	37,168
-	Balance as at 31st March	-

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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:

2019/20 £000s		2020/21 £000s
725	Basic Allowances	719
253	Special Responsibility Allowances	257
11	Expenses	10
989	Total	986

Note 13 – Officers’ Remuneration & Exit Packages

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

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

Post	2020/21				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s
Sarah Norman - Chief Executive	180	-	11	29	220
Rachel Dickinson - Executive Director – People D	37	125	-	6	168
Executive Director – Childrens Services E	118	-	-	19	137
Executive Director – Place	128	-	-	21	149
Executive Director – Adults & Communities	128	-	-	21	149
Executive Director – Public Health	127	-	-	18	145
Executive Director – Core Services F	21	-	-	3	24
Executive Director – Core Services G	112	-	-	18	130

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Post	2019/20				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£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

Explanatory Notes:

A Post holder left their post on 31st May 2019.

B Post holder commenced employment on 8th July 2019.

C Post holder left their post on 31st March 2017. Pension costs relate to pre-agreed pension strain costs of £0.147M in 2019/20.

D Post holder left their post on 30th June 2020

E Post holder commenced employment in this role on 1st May 2020

F Post holder left their post on 31st May 2020

G Post holder commenced employment on 19th May 2020.

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

Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.)		Salary Only		Total Including One Off Payments (Redundancy, Equal Pay Claims, and Expenses etc.)		Salary Only	
2019/20 Council Officers Total	2019/20 Schools Total	2019/20 Council Officers Total	Remuneration Band	2020/21 Council Officers Total	2020/21 Schools Total	2020/21 Council Officers Total	
35	18	33	£50,000 - £54,999	45	18	46	
27	12	23	£55,000 - £59,999	21	13	20	
15	12	17	£60,000 - £64,999	25	10	25	
12	9	11	£65,000 - £69,999	12	7	10	
7	3	8	£70,000 - £74,999	15	7	11	
8	2	8	£75,000 - £79,999	8	4	8	
1	2	1	£80,000 - £84,999	8	-	7	
2	1	2	£85,000 - £89,999	1	1	2	
11	-	8	£90,000 - £94,999	2	1	4	
4	1	3	£95,000 - £99,999	11	-	11	
1	-	-	£100,000 - £104,999	-	1	-	
1	-	1	£105,000 - £109,999	1	-	1	
-	-	-	£110,000 - £114,999	-	-	-	
-	-	-	£115,000 - £119,999	1	-	-	
1	-	-	£120,000 - £124,999	1	-	-	
-	-	-	£125,000 - £129,999	1	-	-	
-	-	-	£130,000 - £134,999	1	-	-	
125	60	115		153	62	145	

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:

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Exit Package Cost Band	Number of Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	£000s	£000s
£0 - £20,000	31	19	7	3	38	22	384	230
£20,001 - £40,000	9	14	-	-	9	14	227	368
£40,001 - £60,000	1	-	3	-	4	-	175	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	-	-	-	-	-
Total Number of Exit Packages	41	33	10	3	51	36		
Total Cost Included In Bandings							786	598
Add: Amounts Provided For in CI&ES Not Included In Bandings							-	-
Total Cost Included In The CI&ES							786	598

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.

2019/20 £000s		2020/21 £000s
126	Fees Payable for External Audit Services Carried Out by the Appointed Auditor for the Year	126
29	Fees Payable for the Certification of Grant Claims and Returns carried out by the Appointed Auditor for the year	25
8	Fees Payable in Respect of Other Services Provided by Other Audit Companies During the Year	8
(13)	Fees (Refundable) in Respect of Other Services Provided by Other Audit Companies	-
150	Total	159

The Council's appointed external auditor for 2019/20 and 2020/21 was Grant Thornton UK LLP.

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:

2019/20 (Restated) £000s		2020/21 £000s
(12,746)	Credited to Taxation & Non-Specific Grant Income	(12,954)
(32,210)	Revenue Support Grant	(32,735)
(8,175)	Business Rates Retention Scheme – Top Up Grant	(19,459)
(4,976)	COVID-19 – General Grants (See Table Below)	(24,924)
(20,856)	Section 31 Grant	(32,205)
(4,433)	Capital Grants	(3,761)
	Capital Contributions	
(83,396)	Total Credited to Taxation & Non-Specific Grant Income	(126,038)
	Credited to Services	
(49,425)	Housing Benefit Subsidy	(47,095)
(84,634)	Dedicated Schools Grant	(83,521)
(32,195)	PFI Grant	(32,195)
(3,818)	New Homes Bonus	(4,153)
(16,435)	Public Health Grant	(17,063)
(10,388)	Better Care Fund	(14,367)
(11,817)	Improved Better Care Fund	(11,817)

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2019/20 (Restated) £000s		2020/21 £000s
-	COVID-19 – Specific Grants (See Table Below)	(22,307)
(29,827)	Other Grants	(34,460)
(7,492)	Other Contributions	(5,379)
(246,031)	Total Credited to Services	(272,357)
(329,427)	Total Credited to The Comprehensive Income & Expenditure Statement	(398,395)

2019/20 (Restated) £000s	<u>COVID Related Grants</u>	2020/21 £000s
	Credited to Taxation & Non-Specific Grant Income	
(8,175)	Local Authority Support Grant	(14,811)
-	Taxation Losses Compensation Grant	(816)
-	Fee & Charges Income Losses Compensation Grant	(3,832)
(8,175)	Total Credited to Taxation & Non-Specific Grant Income	(19,459)
	Credited to Services	
-	BEIS Business Support Grant – Discretionary Element	(2,166)
-	SCR Additional Restrictions Grant – Discretionary Element	(652)
-	Clinically Extremely Vulnerable	(845)
-	Community Testing	(318)
-	Contain Outbreak Control Management	(5,056)
-	Hardship Fund	(2,630)
-	Infection & Prevention Control	(5,325)
-	Lateral Testing	(752)
-	BEIS Additional Restrictions Grant - Discretionary Element	(339)
-	COVID Marshalls	(156)
-	Next Steps Accommodation	(172)
-	Outbreak Control	(475)
-	SCR Enterprise Grant	(760)
-	Test & Trace Administration	(136)
-	Test & Trace Payments - Discretionary Element	(348)
-	Welfare Emergency Assistance Grant	(351)
-	Winter Grant Scheme	(1,207)
-	Workforce Capacity Fund	(619)
-	Total Credited to Services	(22,307)
(8,175)	Total Credited to The Comprehensive Income & Expenditure Statement	(41,766)

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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.

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:

2019/20		2020/21		
Total		Central Expenditure	Individual Schools' Budget (ISB)	Total
£000s		£000s	£000s	£000s
(188,921)	Final DSG for Year Before Academy Recoupment			(204,226)
104,547	Academy Figure Recouped for Year			120,484
(84,374)	Total DSG After Academy Recoupment			(83,742)
	- Plus: Brought Forward From Previous Year			5,224
	- Less: Carry Forward To Future Year Agreed in Advance			-
(84,374)	Agreed Initial Budgeted Distribution	(18,532)	(59,985)	(78,518)
(418)	In Year Adjustments	603	(546)	58
(84,792)	Final Budgeted Distribution For Year	(17,929)	(60,531)	(78,460)
26,369	Less: Actual Central Expenditure	29,686	-	29,686
63,647	Less: Actual ISB Deployed To Schools	-	60,531	60,531
-	Plus: Council Contribution For Year	-	-	-
5,224	Total Carry Forward To Following Year	11,757	-	11,757

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 2021 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 several specific relationships / partnerships with different local authorities including where it is a member of a City Region and other joint authorities such as South Yorkshire Fire & Rescue Authority, South Yorkshire Police & Crime Commissioner, and South Yorkshire Pensions Authority.

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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 2020/21 is shown in [Note 12](#).

During 2020/21, 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 2020/21, no senior officers of the Council have declared a material interest in any companies.

Subsidiaries

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

Berneslai Homes Ltd

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

The Council guarantees the full amount of the pension fund deficit of Berneslai Homes. The actuary has assessed this deficit at £41.685M as at 31st March 2021 (£32.101M as at 31st March 2021). However, as the Council considers it unlikely that this guarantee will be exercised, the £41.685M 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:	2019/20 £000s	2020/21 £000s
Income	(34,114)	(33,277)
Expenditure	36,881	39,147
(Profit) / Loss	2,767	5,870
Actuarial (Gain) / Loss on Pension Scheme	(5,677)	5,981
Total Comprehensive (Income) / Expenditure for the Year	(2,910)	11,851

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<u>Balance Sheet:</u>	2019/20 £000s	2020/21 £000s
Assets	17,864	15,571
Liabilities	(35,879)	(45,437)
Net Assets	(18,015)	(29,866)
Retained Surplus / (Deficit)	14,086	11,819
Pension Deficit	(32,101)	(41,685)
Net Reserves	(18,015)	(29,866)

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

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

<u>Related Party Transactions:</u>	2019/20 £000s	2020/21 £000s
Income	(34,207)	(32,437)
Expenditure	974	998
Assets	3,086	5,257
Liabilities	(513)	(32)

BMBC Services Ltd.

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

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:

<u>Profit / Loss Account:</u>	2019/20 £000s	2020/21 £000s
Income	(10)	-
Expenditure	124	-
(Profit) / Loss	114	-

<u>Balance Sheet:</u>	2019/20 £000s	2020/21 £000s
Assets	-	-
Liabilities	-	-
Net Assets	-	-
Retained Surplus / (Deficit)	-	-
Net Reserves	-	-

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.

<u>Related Party Transactions:</u>	2019/20 £000s	2020/21 £000s
Income	-	-
Expenditure	34	-
Assets	-	-
Liabilities	-	-

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Joint Ventures

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

Organisation	Oakwell Community Assets Ltd (OCAL)		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):	2018/19	2019/20	2019	2020	2018	2019	2018	2019
Income	(112)	(138)	(12,052)	(13,274)	(6)	(9)	(1,412)	(3,749)
Expenditure	65	57	11,978	13,154	6	9	908	3,610
(Profit) / Loss	(47)	(81)	(74)	(120)	0	0	(504)	(139)
Financials (Bal. Sheet):	2018/19	2019/20	2018/19	2019/20	2018	2019	Nov 2018	Nov 2019
Assets	5,780	5,955	3,583	2,835	51	61	5,436	5,442
Liabilities	(1,542)	(1,636)	(2,565)	(1,697)	(51)	(61)	(5,334)	(5,201)
Net Assets	4,238	4,319	1,018	1,138	-	-	102	241
Reserves	4,238	4,319	1,018	1,138	-	-	102	241
Total Reserves	4,238	4,319	1,018	1,138	-	-	102	241

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):	2019	2020	2018	2019	2018	2019	2018	2019
Income	(2,873)	(2,896)	(5,794)	(7,912)	(6)	(38)	-	(107)
Expenditure	2,870	2,734.00	4,905	7,542	470	1,969	648	372
(Profit) / Loss	(3)	(162)	(889)	(370)	464	1,931	648	265
Financials (Bal. Sheet):	2018/19	2019/20	2018	2019	2018	2019	2018	2019
Assets	5,907	4,769	27,022	24,967	1,853	-	216	25
Liabilities	(5,616)	(4,316)	(30,747)	(28,322)	(581)	(659)	(68)	(142)
Net Assets	291	453	(3,725)	(3,355)	1,272	(659)	148	(117)
Reserves	291	453	(3,725)	(3,355)	1,272	(659)	148	(117)
Total Reserves	291	453	(3,725)	(3,355)	1,272	(659)	148	(117)

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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 28th July 2021. 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 2021, 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

At the balance sheet date (31st March 2021) The Government's recovery roadmap was entering into the final stages, with restrictions planned to come to an end on the 21st June 2021. On the 14th June however, The Government announced a delay by 4 weeks to this date to the 19th July 2021. At the time of issuing the accounts, it remains unclear

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in terms of the impact on the Council. Any impact will be borne in 2021/22 as the conditions around this latest development were not present as at the 31st March 2021.

NPS Barnsley Ltd

The Council took the decision to close down NPS Barnsley Ltd, where it holds 20% shares in the company on the 1st April 2021, bringing the services provided through the company, back under the Council's control and structure. The conditions of this arrangement were not present as at 31st March 2021 and therefore this is reported as a non adjusting post balance sheet event.

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 6

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

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Comparative Movements in 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)
Net Book Value								
At 1st April 2019	564,595	280,804	5,709	257,291	36,876	3,665	1,148,940	33,442
At 31st 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	

Depreciation:

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

Capital Commitments:

As at 31st March 2021, the Council had contractually committed to £44.4M of capital works within its capital programme. The corresponding amount contractually committed as at 31st March 2020 was £84.3M. The major commitments are:

- HRA PRIP - £11.5M
- Glassworks Development - £20.2M
- M1 J37 Phase 2 - £4.2M
- Others - £8.5M

Effects of Changes in Estimates:

There have been no changes to the depreciation methodologies used during 2020/21.

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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	-	652	15,924	399,265	107,118	-	522,959
Valued at Fair Value:							
2020/21	663,395	266,865	-	-	-	1,711	931,971
2019/20	-	10,573	-	-	-	-	10,573
2018/19	-	8,941	-	-	-	40	8,981
2017/18	-	7,543	-	-	-	22	7,565
2016/17	-	8,609	-	-	-	-	8,609
Gross Book Value	663,395	303,183	15,924	399,265	107,118	1,773	1,490,658

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 2021 £000s	Accumulated Depreciation £000s	Net Book Value as at 31 st March 2021 £000s
Surplus Buildings	-	41	-	41	(4)	37
Surplus Land – Amenity Land	-	2	-	2	-	2
Surplus Land – Garden Land	-	5	-	5	-	5
Surplus Land – Grazing Land	-	37	-	37	-	37
Surplus Land – Residential	-	1,689	-	1,689	-	1,689
Net Book Value	-	1,773	-	1,773	(4)	1,769

[Balance Sheet](#)

Prior Year Comparator:

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

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

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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	
<u>Cost or Valuation</u>					
At 1st April 2019	594	8,355	1,478	10,427	
Additions / Enhancements	-	-	-	-	
Disposals	-	-	-	-	
At 31st March 2020	594	8,355	1,478	10,427	Balance Sheet
Additions / Enhancements	-	-	-	-	
Disposals	-	-	-	-	
Revaluations	-	788	-	788	
Transfers	-	-	-	-	
At 31st March 2021	594	9,143	1,478	11,215	Balance Sheet
<u>Net Book Value</u>					
At 31st March 2020	594	8,355	1,478	10,427	
At 31st March 2021	594	9,143	1,478	11,215	

Detail of Movements in Heritage Assets: Additions / Enhancements

There were no additions / enhancements of heritage assets during 2020/21 (nil in 2019/20).

Detail of Movements in Heritage Assets: Disposals

There were no disposals of heritage assets during 2020/21 (nil in 2019/20).

Detail of Movements in Heritage Assets: Revaluations

During 2020/21, the latest insurance valuations were used to update the value of the Council's Art Collection at The Cooper Gallery. This resulted in an increase in value of £0.788M in 2020/21 (nil in 2019/20).

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Intangible Heritage Assets

There are no intangible heritage assets held by the Council as at 31st March 2021 (nil as at 31st March 2020).

Further Details of Heritage Assets

Ceramics, Porcelain Work and Figurines

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

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

Art Collection

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

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

Other

The remaining Heritage Assets held by the Council totals £1.478M 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 14

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

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

The carrying amount of intangible assets are amortised on a straight-line basis. The amortisation of £0.280M has been charged to the Net Cost of Services within the Comprehensive Income and Expenditure Statement.

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

2019/20 Purchased Software £000s		2020/21 Purchased Software £000s
	Balance at 1st April:	
3,137	- Gross Carrying Amounts	1,702
(2,028)	- Accumulated Amortisation	(777)
1,109	Net Carrying Amount at 1st April	925
	Additions:	
74	Purchases	170
	Disposals:	
(1,509)	Other Disposals – Gross Carrying Amounts	-
1,509	Other Disposals – Accumulated Amortisation	-
	Amortisation:	
(258)	Amortisation for the Period	(280)
925	Net Carrying Amount at 31st March	815
	Comprising:	
1,702	Gross Carrying Amounts	1,872
(777)	Accumulated Amortisation	(1,057)
925		815

[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 2 / Uncertainty Judgement 6

2019/20 £000s	Current Assets	2020/21 £000s
5,330	Balance Outstanding at 1st April	4,108
363	Assets Newly Classified as Held for Sale:	
-	- Surplus Assets	4,931
	Revaluation Gains	68
(1,056)	Revaluation Losses	(39)
	Assets Declassified as Held for Sale:	
-	- Surplus Assets	-
(529)	Assets Sold	(655)
4,108	Balance Outstanding at 31st March	8,413

[Balance Sheet](#)

Fair Value Measurement of Assets Held for Sale:

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

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

[Balance Sheet](#)

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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	-	-	-	-
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](#)

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.

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.

2019/20				2020/21		
General Fund	HRA	Total		General Fund	HRA	Total
£000s	£000s	£000s		£000s	£000s	£000s
679,809	271,734	951,543	Opening Capital Financing Requirement	751,555	271,734	1,023,289
-	20,661	20,661	<i>Capital Investment:</i>	-	17,183	17,183
33,228	-	33,228	Council Dwellings	11,061	3,525	14,586
5,499	4,780	10,279	Other Land & Buildings	1,525	-	1,525
15,888	-	15,888	Vehicles, Plant, Furniture & Equipment	26,192	-	26,192
53,393	572	53,965	Infrastructure Assets	45,265	67	45,332
-	-	-	Assets Under Construction	-	-	-
74	-	74	Heritage Assets	170	-	170
-	-	-	Intangible Assets	-	-	-
-	-	-	Long Term Investment	720	-	720
6,868	-	6,868	Long Term Debtors	5,471	-	5,471
			Revenue Expenditure Funded from Capital Under Statute			
114,950	26,013	140,963	Total Capital Investment	90,404	20,775	111,179
			<i>Sources of Finance – For Capital Expenditure Purposes:</i>			
(5,494)	(1,366)	(6,860)	Capital Receipts	(2,459)	(1,125)	(3,584)
(20,950)	(961)	(21,911)	Government Grants & Other Contributions	(33,357)	(137)	(33,494)
(10,312)	(23,686)	(33,998)	Other Revenue Funding	(8,597)	(19,513)	(28,110)
(36,756)	(26,013)	(62,769)	Total Resources Utilised to Fund In Year Capital Expenditure	(44,413)	(20,775)	(65,188)

STATEMENT OF ACCOUNTS 2020/21

2019/20				2020/21		
General Fund	HRA	Total		General Fund	HRA	Total
£000s	£000s	£000s		£000s	£000s	£000s
78,194	-	78,194	Increase in Capital Financing Requirement as a Result of In Year Capital Expenditure	45,991	-	45,991
			<i>Sources of Finance – Set Aside to Repay Debt:</i>			
(294)	-	(294)	Capital Receipts	-	-	-
-	-	-	Other Revenue Funding	-	-	-
(321)	-	(321)	Other	(264)	-	(264)
(166)	-	(166)	Repayment of Long Term Debtors / Investments	(51)	-	(51)
(5,667)	-	(5,667)	MRP	(6,806)	-	(6,806)
(6,448)	-	(6,448)	Total Set Aside to Repay Debt	(7,121)	-	(7,121)
751,555	271,734	1,023,289	Closing Capital Financing Requirement	790,425	271,734	1,062,159

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

2019/20				2020/21		
General Fund	Housing Revenue Account	Total		General Fund	Housing Revenue Account	Total
£000s	£000s	£000s		£000s	£000s	£000s
76,551	-	76,551	Explanation of Movements in Year	45,991	-	45,991
1,643	-	1,643	Increase / (Decrease) in Underlying Need to Borrow (Funded from Council's Own Base Resources)	-	-	-
-	-	-	Assets Acquired Under Finance Leases	-	-	-
(5,667)	-	(5,667)	Assets Acquired Under PFI / PPP Contracts	(6,806)	-	(6,806)
(781)	-	(781)	Amounts Set Aside to Repay Debt – Statutory	(315)	-	(315)
			Amounts Set Aside to Repay Debt – Voluntary			
71,746	-	71,746	Increase / (Decrease) in Capital Financing Requirement	38,870	-	38,870

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 2020/21 (£0.006M in 2019/20).

The second relates to a 15-year lease in respect of a residential bungalow. The rentals payable in 2020/21 were £0.030M (£0.030M in 2019/20) - accounted for as £0.023M principal payment and £0.007M finance costs.

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

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

STATEMENT OF ACCOUNTS 2020/21

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, several sub-leases of specific buildings on the site have also been assumed by the Council, with the Council as lessor. These leases, which have a 25 year lease term, have been accounted for as operating leases.

Vehicle, Plant, Furniture and Equipment – The Council has 8 agreements in place in 2020/21 for various types of asset including wheeled bins and vehicles, accounted for as finance leases. The rentals payable in 2020/21 were £0.680M (£0.689M in 2019/20) – accounted for as £0.611M principal payment and £0.069M 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 2020 000s		31 st March 2021 £000s
23,334	Other Land & Buildings	23,485
3,183	Vehicles, Plant, Furniture & Equipment	2,351
26,517	Total	25,836

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 2020 £000s		31 st March 2021 £000s
	Finance Lease Liabilities (Net Present Value of Minimum Lease Payments):	
634	- Current	572
2,608	- Non-Current	2,036
198	Finance Costs Payable in Future Years	121
3,440	Minimum Lease Payments	2,729

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

31 st March 2020			31 st March 2021	
Minimum Lease Payments £000s	Finance Lease Liabilities £000s		Minimum Lease Payments £000s	Finance Lease Liabilities £000s
710	634	Not later than one year	629	572
2,353	2,231	Later than one year and not later than five years	1,955	1,891
377	377	Later than five years	145	145
3,440	3,242		2,729	2,608

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

Operating Leases

Other Land and Buildings – The Council leases 36 properties, which have been accounted for as operating leases. The length of each lease varies with the maximum lease being 125 years. Total amounts paid under these leases in 2020/21 was £1.777M (£1.734M in 2019/20).

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 2020/21 was £0.679M (£0.376M in 2019/20). 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 2021 to making payments of £31.536M under operating leases (£31.870M as at 31st March 2020), comprising of the following elements:

STATEMENT OF ACCOUNTS 2020/21

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

31 st March 2020 £000s		31 st March 2021 £000s
2,075	Not Later Than One Year	2,344
6,953	Later Than One Year & Not Later Than Five Years	7,825
22,842	Later Than Five Years	21,367
31,870		31,536

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:

2019/20 £000s		2020/21 £000s
2,109	Minimum Lease Payments	2,456
-	Contingent Rents	-
-	Sub-Lease Payments Receivable	-
2,109		2,456

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 £0.300M due over their remaining lives as at 31st March 2021 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 2020/21 were £0.025M. This income is split between the land and buildings element of the lease and then for the building's element, split between principal and interest paid. The amount relating to the building element equates to £0.011M with the principal element being £0.001M. Therefore, the debtor is reduced to £0.060M.

In 2020/21, the Council entered into a Development Agreement Lease with Keepmoat Homes to build out the site at St Helens Boulevard for residential development. This has been accounted for as a finance lease. At the commencement of the lease, the land was de-recognised from the Council's Balance Sheet with a corresponding long-term debtor recognised, totalling £0.437M, representing the sale premium for the site as a whole. Over time, as individual plots are sold to the end purchaser of those properties, those receipts will be transferred into the Council's useable capital receipts reserve.

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

Operating Leases

The Council leases out a number of properties to Community Organisations, Public Bodies and Housing Associations for an ongoing rental. Included within these leases are a number of properties that are classified as Investment Properties on the Council's Balance Sheet.

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Total amounts received under these leases in 2020/21 was £2.341M (£2.492M in 2019/20).

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

31st March 2020 £000s		31st March 2021 £000s
2,263	Not Later Than One Year	2,158
7,148	Later Than One Year & Not Later Than Five Years	6,922
31,450	Later Than Five Years	31,296
40,861		40,376

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 2020/21 was £0.003M.

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

31st March 2020 £000s		31st March 2021 £000s
3	Not Later Than One Year	3
12	Later Than One Year & Not Later Than Five Years	12
677	Later Than Five Years	674
692		689

Academies

Community Schools

The Council also leases a number of schools to charitable trusts. Using powers derived from the Academies Act 2010, two Primary Schools (Athersley South and Dearne Goldthorpe) converted to Academy status during 2020/21. 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 2020/21.

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 summarise the Council's academy conversions thus far:

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

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

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Note 26 – Private Finance Initiatives and Similar Contracts

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

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

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

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

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

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

Waste PFI

The Council's Waste PFI facility became fully operational on the 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 2021 (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 2021/22	20,087	8,223	19,335	47,645
Payable Within Two to Five Years	91,303	34,848	68,968	195,119
Payable Within Six to Ten Years	136,320	56,681	65,978	258,979
Payable Within Eleven to Fifteen Years	124,590	79,729	40,636	244,955
Payable Within Sixteen to Twenty Years	51,463	20,081	5,569	77,113
Payable Within Twenty One to Twenty Five Years	-	-	-	-
Total	423,763	199,562	200,486	823,811

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

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

2019/20 £000s		2020/21 £000s
213,173	Balance As At 1 st April	206,569
(6,604)	Payments During the Year Capital Expenditure Incurred in the Year	(7,007)
206,569	Balance As At 31 st March	199,562

Note 27 – Financial Instruments

Description:55	Financial Instruments are any contract that gives rise to a financial asset of one entity and a financial liability of another entity. This note explains the Council's financial instruments and the impact on the accounts.
Relevant Accounting Policies:	Accounting Policy 5 / Accounting Policy 11
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 2020			31 st March 2021		
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s	
		Investments:			
2,311	57,197	Amortised Cost	2,281	60,048	
2,111	-	Fair Value through Other Comprehensive Income - Designated Equity Instruments	2,000	-	
4,422	57,197	Total Investments	4,281	60,048	Balance Sheet
		Debtors:			
909	196	Loan and Finance Lease Receivables at Amortised Cost	1,300	-	
-	49,900	Other Debtors at Amortised Cost	-	35,165	
909	50,096	Total Debtors *	1,300	35,165	Balance Sheet
		Cash Equivalents:			
-	75,015	Amortised Cost	-	55,012	Cash Flow
-	75,015	Total Cash Equivalents **	-	55,012	Balance Sheet
5,331	182,308	Total Financial Assets	5,581	150,225	
		Borrowing:			
(645,649)	(31,229)	Amortised Cost	(628,230)	(21,788)	
(645,649)	(31,229)	Total Borrowing	(628,230)	(21,788)	Balance Sheet
		Creditors:			
-	(24,124)	Creditors at Amortised Cost	-	(30,524)	
-	(24,124)	Total Creditors *	-	(30,524)	
		Other Liabilities:			
(202,861)	(9,507)	Amortised Cost	(194,062)	(8,797)	
(202,861)	(9,507)	Total Other Liabilities	(194,062)	(8,797)	Balance Sheet
(848,510)	(64,860)	Total Financial Liabilities	(822,292)	(61,109)	Balance Sheet

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

- Debtors - £12.682M (£12.354M in 2019/20) comprising local taxation debtors, prepayments and amounts owed in respect of VAT; and

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- Creditors - £17.405M (£24.953M in 2019/20) comprising receipts in advance, payroll creditors, NNDR, Council Tax and other amounts payable in relation to VAT and other social security.

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

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

Reclassifications:

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

Impairment:

Also reflected in the above table is the loss allowance recognised of £0.396M (£1.358M in 2019/20) - 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 £0.111M (£0.057M in 2019/20) following remeasurement. These amounts are shown separately in the table below:

Income, Expense, Gains and Losses:

2019/20					2020/21			
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
22,828	-	-	22,828	Interest Expense	23,727	-	-	23,727
155	-	-	155	Fee Expenses	20	-	-	20
1,358	-	-	1,358	Expected Credit Losses	396	-	-	396
24,341	-	-	24,341	Total Expense in Surplus or Deficit on the Provision of Services	24,143	-	-	24,143
-	(1,959)	(207)	(2,166)	Interest / Dividend Income	-	(809)	(113)	(922)
-	(1,959)	(207)	(2,166)	Total Income in Surplus or Deficit on the Provision of Services	-	(809)	(113)	(922)
-	-	57	57	(Surplus) / Deficit Arising on Revaluation of Financial Assets in Other Comprehensive Income & Expenditure	-	-	111	111
24,341	(1,959)	(150)	22,232	Net (Gain) / Loss for the Year	24,143	(809)	(2)	23,332

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:

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

Prior Year Comparator:

Recurring Fair Value Measurements Using:	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
<u>Designated Equity Investments:</u>				
Oakwell Community Assets Limited	-	2,000	-	2,000
Carrying Value	-	2,000	-	2,000
BDR Property Limited (formerly known as Arpley Gas Ltd)	-	405	-	405
<i>Less Reduction in Fair Value Following Remeasurement</i>	-	(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

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

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

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

It is expected that that the staggered reopening of the economy will lift GDP to about 2-3% below its pre-pandemic level by July and allow the economy to climb back to the same level as in Q4 2019 in Q1 2022. However, 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 2021/22 financial year.

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Fair Values of Assets: Assets Not Measured at Fair Value

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

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

[Balance Sheet](#)

Prior Year Comparator:

	Carrying Value as at 31 st 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](#)

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

Fair Values of Liabilities: Liabilities Not Measured at Fair Value

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

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

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st March 2021 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2021 £000s
PWLB Borrowings	(524,882)	-	(821,996)	-	(821,996)
LOBOs	(56,686)	-	(106,426)	-	(106,426)
Temporary Loans	(66,692)	-	(78,483)	-	(78,483)
Other	(1,758)	-	(1,758)	-	(1,758)
Total Borrowing	(650,018)	-	(1,008,663)	-	(1,008,663)

[Balance Sheet](#)

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

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

[Balance Sheet](#)

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

Prior Year Comparator:

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st March 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 Valuation	(676,878)	-	(1,198,632)	-	(1,198,632)

[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](#)

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.

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

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

Description:

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

Financial Instruments – Risks

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

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

Overall Procedures for Managing Risk

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

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

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

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The effective management of credit risk and safeguarding the security of the Council's investments was a key Treasury Management priority in 2020/21.

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 2020/21 the **minimum** criteria for investments has remained as a long term Fitch rating of A-, or the equivalent rating from other agencies.

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

- GDP;
- Net Debt as a Percentage of GDP;
- Sovereign Support Mechanisms / potential support from parent institution;
- Share Price; and
- Credit Default Swaps.

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

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

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.

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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 2021. On that basis we have no evidence to suggest that the expected credit loss calculations need revising.

Trade Debtors

In addition to its regular treasury investments, the Council had £11.396M of trade debt outstanding at the year end. The Council does not generally allow credit for its trade debtors, such that £3.894M of the outstanding balance is past its due date for payment (£6.749M of £15.999M in 2019/20). The past due amount can be analysed by age as follows:

31 st March 2020 £000s	Aged Debt Analysis:	31 st March 2021 £000s
3,749	Less Than Three Months	1,481
790	Three to Six Months	665
792	Six Months to One Year	667
1,418	More Than One Year	1,081
6,749		3,894

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

Third Party Loans

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

Liquidity Risk

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

To reflect the significant level of uncertainty caused by COVID-19, the Council moved further away from term deposits (of typically 3-9 months) into Money Market Funds and instant access accounts, to further protect itself from liquidity risk. In addition, the Council has ready access to borrowings from the Money Markets and the Public Works Loan Board. As such there is no perceived risk that the Council will be unable to raise finance to meet its commitments.

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

2019/20 Carrying Values	2019/20 Percentage	Years	2020/21 Carrying Value £000s	2020/21 Percentage %
132,212	100	Less Than One Year	115,060	100
-	-	Between One & Two Years	-	-
-	-	Between Two & Three Years	-	-
-	-	More Than Three Years	-	-
-	-	Uncertain Date	-	-
132,212	100	Carrying Value	115,060	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.

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

2019/20 Carrying Value	2019/20 Percentage	Years	2020/21 Carrying Value	2020/21 Percentage
£000s	%		£000s	%
(31,229)	5	Less Than 1 Year	(17,394)	3
(17,392)	2	Between One & Two Years	(39,136)	6
(63,263)	9	Between Two & Five Years	(29,276)	5
(39,121)	6	Between Five & Ten Years	(35,428)	6
(29,553)	4	Between Ten & Twenty Years	(29,890)	5
(74,919)	11	Between Twenty & Thirty Years	(83,126)	13
(161,900)	24	Between Thirty & Forty Years	(160,900)	24
(201,030)	30	More Than Forty Years	(192,030)	30
(58,471)	9	Uncertain Date *	(56,757)	8
(676,878)	100	Total	(643,937)	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 2021.

Exposure to Interest Rate Risk	Actual (%)	Limit (%)
Measured against the Council's debt portfolio	5	15
Measured against the Council's overall borrowing requirement	29	30

Borrowings and investments classed as 'Loans and Receivables' are not carried at fair value so any nominal changes to their fair value will not have an impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

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

	£000s
Impact on the Provision of Services (Surplus) / Deficit:	
Increase in Interest Payable on Variable Rate Borrowings	-
Decrease in Interest Payable on Variable Rate Investments	(550)
Impact on the Provision of Services (Surplus) / Deficit	(550)
Share of Overall Impact Debited / Credited to HRA	
Share of Overall Impact Debited / Credited to General Fund	(550)
	(550)
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)	(186,804)
Decrease in Fair Value of Fixed Rate Borrowings (New Loan Rate)	(141,151)
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 £2.000M in a number of joint ventures and in local industry. The Council is consequently exposed to losses arising from movements in the prices of the shares. These equity investments have been designated as fair value through other comprehensive income on the basis that:

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

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

Note 29 – Inventories

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

2019/20					2020/21			
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
141	928	-	1,069	Balance Outstanding at 1 st April	109	992	-	1,101
1,880	1,141		3,021	Purchases	806	2,148		2,954
(1,912)	(1,295)		(3,207)	Recognised as an Expense in the Year	(795)	(2,069)		(2,864)
-	-	-	-	Transfers				-
	218		218	Written off Balance		(5)		(5)
109	992	-	1,101	Balance Outstanding 31 st March	120	1,066	-	1,186

[Balance Sheet](#)

[Balance Sheet](#)

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Note 30 – Local Taxation Debtors

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

31 st March 2020				31 st March 2021		
Debtors £000s	Impairment for Bad Debts £000s	Net £000s		Debtors £000s	Impairment for Bad Debts £000s	Net £000s
906	(799)	107	Business Rates	720	(715)	5
9,166	(8,973)	193	Council Tax	9,570	(9,528)	42
10,072	(9,772)	300	Local Taxation Debtors	10,290	(10,243)	47

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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 5

31 st March 2020				31 st March 2021		
Total Debtors £000s	Impairment For Bad Debts £000s	Total £000s		Total Debtors £000s	Impairment For Bad Debts £000s	Total £000s
15,997	(7,776)	8,221	Trade Receivables	11,837	(6,490)	5,347
23,869		23,869	Prepayments & Accrued Grant Income	13,661	-	13,661
22,398		22,398	Other Receivable Amounts	22,350	-	22,350
62,264	(7,776)	54,488	Total	47,848	(6,490)	41,358

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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 2020 £000s		31 st March 2021 £000s
(6,637)	Trade Creditors	(11,578)
(10,132)	Other Creditors	(15,150)
(7,313)	Capital Creditors	(3,722)
(3,443)	Receipts in Advance	(5,229)
(5,534)	Payroll Creditors	(4,104)
(9,342)	NNDR	(1,120)
(4,686)	Council Tax	(4,929)
(1,990)	Other Tax & Social Security	(2,097)
(49,077)	Total	(47,929)

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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:

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31 st March 2020 £000s	Current Liabilities - Capital	31 st March 2021 £000s
	Capital Grants Receipts in Advance:	
(1,777)	Place - Highways England Grant	(615)
-	Place - BEIS Public Sector Decarbonisation Grant	(5,648)
(556)	People - Devolved Formula Capital (DFC)	(563)
(4,219)	Communities - Disabled Facilities Grant (DFG)	(4,941)
(2,264)	Other Grants	(2,579)
(8,816)	Total Capital Grants Receipts in Advance	(14,346)
	Capital Contributions Receipts in Advance:	
(6,840)	Section 106 Contributions	(7,310)
(929)	Place - Network Rail Contribution	(597)
(1,114)	Other Contributions	(1,349)
(8,883)	Total Capital Contributions Receipts in Advance	(9,256)
(17,699)	Total Capital Grants & Contributions Receipts in Advance	(23,602)

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31 st March 2020 £000s	Current Liabilities - Revenue	31 st March 2021 £000s
	Revenue Grants Receipts in Advance:	
(163)	People - Adoption Support Fund	(209)
(151)	Place - Business Energy & Industrial Strategy Grant	(8)
(5,685)	Corporate - S31 Business Rate Relief Grant	-
-	Various - COVID Grants	(3,535)
(249)	Other	(356)
(6,248)	Total Revenue Grants Receipts in Advance	(4,108)
	Revenue Contributions Receipts in Advance:	
(1,429)	Place - Section 278 Contributions	(1,654)
(388)	Place - Maintenance Agreements	(407)
(59)	People - Children's Social Work Matters	(71)
(28)	Other	(55)
(1,904)	Total Revenue Contributions Receipts in Advance	(2,187)
(8,152)	Total Revenue Grants & Contributions Receipts in Advance	(6,295)

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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 3

	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 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)
Additional Provisions Made in 2020/21	(3,117)	42	-	(480)	-	-	-	(3,555)
Amounts Used in 2020/21	1,133	-	-	492	-	-	-	1,625
Unused Amounts Reversed in 2020/21	1,146	-	-	-	-	-	-	1,146
Balance at 31st March 2021	(4,380)	(141)	(388)	(5,867)	(100)	-	(13)	(10,889)
Short Term Provisions	-	-	(388)	(5,867)	(100)	-	(13)	(6,368)
Long Term Provisions	(4,380)	(141)	-	-	-	-	-	(4,521)

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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 2020/21 accounts is £4.380 (£3.542M in 2019/20) 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 2020/21, £0.042M has been utilised, leaving £0.141M remaining on the provision as at 31st March 2021.

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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 2021 has been set at £11.973M, 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 increase in provision is £0.979M, taking into account settled appeals and including the respective preceptors' share, which is shown within the [Collection Fund Statement](#). The Council's share of this provision as at 31st March 2021 equated to £5.867M.

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.

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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 £41.685M as at 31st March 2021 (£32.101M as at 31st March 2020), 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 £5.867M in relation to business rates appeals outstanding as at 31st March 2021. 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 2021, 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 2020/21, the council paid £5.226M to teachers' Pensions in respect of teachers' retirement benefits representing 23.68% of pensionable pay. 2019/20, payments were £4.807M representing 23.68% of pensionable pay. There were no contributions remaining payable at the year end.

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

NHS Pensions Scheme

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

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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 2020/21, the Council paid £0.245M to NHS Pensions in respect of Public Health employees' retirement benefits, representing 14.48% of pensionable pay, with 0.08% of this being a levy cost. The comparative figures for 2019/20 were £0.219M representing 14.48% of pensionable pay.

Note 37 – Defined Benefit Pension Schemes	
Description:	A Defined Benefit Pension Scheme is one that is not classed as a Defined Contribution Scheme. This note explains such schemes that the Council has.
Relevant Accounting Policies:	Accounting Policy 9
Areas of Uncertainty:	Uncertainty Statement 4

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:

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2019/20			2020/21	
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>		
29,327	-	- Current Service Cost	28,677	-
1,433	-	- Past Service Costs	-	-
(5,392)	-	- Settlements & Curtailments	565	-
438	-	- Administration Expenses	459	-
		<i>Financing & Investment Income & Expenditure:</i>		
10,446	999	- Net Interest Cost	9,537	874
36,252	999	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	39,238	874
		<i>Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement:</i>		
		<i>Re-measurement of The Net Benefit Liability Comprising:</i>		
76,871	-	- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense	(161,619)	-
(61,353)	(2,069)	- Experience (Gains) / Losses	(29,669)	(892)
(52,091)	(1,173)	- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	-	-
(24,357)	(453)	- Actuarial (Gains) and Losses On Changes in Financial Assumptions	225,069	3,866
-	-	- Business Combinations	-	-
(60,930)	(3,695)	Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure *	33,781	2,974
(24,678)	(2,696)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	73,019	3,848

* 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 2021 is a loss of £169.904M (£136.123M loss as at 31st March 2020).

2019/20			2020/21	
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:		
(36,252)	(999)	- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with The Code	(39,238)	(874)
		Actual Amount Charged Against the General Fund Balance for Pensions for the Year:		
25,762	-	Employers' Contributions Payable to Scheme	19,357	-
-	2,544	Retirement Benefits Payable to Pensioners	-	2,511
(10,490)	1,545	Net Adjustment to Surplus or Deficit for the Provision of Services	(19,881)	1,637

[Note 3](#)

[Note 3](#)

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Pension Assets and Liabilities Recognised in the Balance Sheet

2019/20			2020/21	
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
(1,371,380)	(37,641)	Present Value of The Defined Benefit Obligation	(1,592,047)	(38,978)
963,028	-	Fair Value of Plan Assets	1,131,592	-
(408,352)	(37,641)	Net Liability Arising From Defined Benefit Obligation	(460,455)	(38,978)

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Reconciliation of Fair Value of the Scheme (Plan) Assets

2019/20			2020/21	
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
1,045,427	-	Opening Balance at 1st April	963,028	-
24,717	-	Interest Income	22,933	-
(76,871)	-	Re-measurement Gains and (Losses):		
(438)	-	- The Return on Plan Assets, Excluding the	161,619	-
-	-	Amount Included in Net Interest Expense	(461)	-
(12,524)	-	Administration Expenses	-	-
17,229	2,544	Business Combinations	(1,714)	-
5,724	-	Settlements	20,920	2,511
(40,236)	(2,544)	Employer Contributions	6,079	-
		Contributions by Scheme Participants	(40,812)	(2,511)
		Benefits Paid		
963,028	-	Closing Balance at 31st March	1,131,592	-

Local Government Pension Scheme Assets Comprised:

2019/20			2020/21	
Fair Value of Scheme Assets	Percentage of Total		Fair Value of Scheme Assets	Percentage of Total
£000s	%		£000s	%
28,987	3.01	Cash & Cash Equivalents	15,593	1.38
28,987	3.01	Total Cash & Cash Equivalents	15,593	1.38
		<u>Equity Instruments:</u>		
142,913	14.84	UK Quoted	118,738	10.50
96	0.01	UK Unquoted	-	-
355,550	36.92	Overseas Quoted	437,768	38.69
-	-	Overseas Unquoted	-	-
498,559	51.77	Total Equity Instruments	556,506	49.19
		<u>Bonds:</u>		
-	-	UK Government Fixed	-	-
104,103	10.81	UK Government Indexed	120,684	10.66
25,424	2.64	Overseas Government Fixed	31,979	2.83
-	-	Overseas Government Indexed	-	-
47,766	4.96	UK Other	58,515	5.17
22,535	2.34	Overseas Other	34,208	3.02
199,828	20.75	Total Bonds	245,386	21.68
		<u>Property:</u>		

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2019/20			2020/21	
Fair Value of Scheme Assets	Percentage of Total		Fair Value of Scheme Assets	Percentage of Total
£000s	%		£000s	%
77,524	8.05	UK Direct	90,652	8.01
-	-	Overseas	-	-
8,764	0.91	Property Funds	11,825	1.04
86,288	8.96	Total Property	102,477	9.05
		<u>Other Investment Funds:</u>		
149,366	15.51	Pooled Investment Vehicles	211,630	18.70
149,366	15.51	Total Other Investment Funds	211,630	18.70
963,028	100.00	Total Scheme Assets	1,131,592	100.00

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

2019/20			2020/21	
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)	Opening Balance at 1st April	(1,371,380)	(37,641)
(29,327)	-	Current Service Cost	(28,678)	-
(1,433)	-	Past Service Cost	-	-
(35,163)	(999)	Interest Cost	(32,470)	(874)
(5,724)	-	Contributions by Scheme Participants	(6,079)	-
		<i>Re-measurement Gains and (Losses):</i>		
61,353	2,069	- Experience Gains / (Losses)	29,669	892
52,091	1,173	- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	-	-
24,357	453	- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	(225,069)	(3,866)
(2,074)		Gains / (Losses) Curtailments	(2,035)	
40,236	2,544	Benefits Paid	40,812	2,511
19,990		Liabilities Extinguished on Settlements	3,183	
-	-	Business Combinations	-	-
(1,371,380)	(37,641)	Closing Balance at 31st March	(1,592,047)	(38,978)

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, an independent firm of actuaries with estimates for the Council fund being based on the latest full valuation of the scheme which took place on 31st March 2020 for the period 1st April 2020 to 31st March 2023.

The principal assumptions used by the actuary have been:

2019/20			2020/21	
1 st April	31 st March		1 st April	31 st March
Years	Years	Mortality Assumptions:	Years	Years
23.1	22.4	Longevity at 65 for Current Pensioners (Male)	22.4	22.5
25.9	25.2	Longevity at 65 for Current Pensioners (Female)	25.2	25.3
25.3	23.9	Longevity at 65 for Future Pensioners (Male)	23.9	24
28.3	27.1	Longevity at 65 for Future Pensioners (Female)	27.1	27.2
%	%	Other:	%	%
2.2	2.1	Rate of CPI	2.1	2.7
3.5	3.35	Rate of Increase in Salaries	3.35	3.95
2.3	2.2	Rate of Increase in Pensions	2.2	2.8
2.4	2.4	Discount Rate	2.4	2.1

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The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme I.E. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

2019/20 Increase in Assumption £000s	Impact on the Defined Benefit Obligation in the Scheme *	2020/21 Increase in Assumption £000s
(37,354)	- Longevity (Increase or Decrease in 1 Year)	(48,448)
(23,132)	- Rate of Inflation (Increase or Decrease by 0.1%)	(26,854)
(2,623)	- Rate of Increase in Salaries (Increase or Decrease by 0.1%)	(2,767)
22,748	- Rate of Discounting Scheme Liabilities (Increase or Decrease by 0.1%)	26,408

* 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.

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, as a 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 17 years. Funding levels are monitored on an annual basis. The latest triennial valuation that the 2020/21 figures are based was completed on 31st March 2020 in respect of the 3 year period 2020/21 – through 2022/23.

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

The Council anticipates paying £17.530M expected contributions to the scheme in 2020/21.

The weighted average duration of the defined benefit obligation for scheme members is 17 years during 2020/21.

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:

2019/20 £000s		2020/21 £000s
41,969	Interest Paid	43,342
(2,225)	Interest Received	(819)
(207)	Dividends Received	(113)

STATEMENT OF ACCOUNTS 2020/21

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

2019/20 £000s		2020/21 £000s
132,507	Purchase of Property, Plant & Equipment, Investment Property & Intangible Assets	108,909
-	Other Payments for Investing Activities	720
(10,559)	Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	(5,651)
(101,129)	Net (Receipts) / Payments From Short Term & Long Term Investments	3,033
(25,524)	Other Receipts From Investing Activities	(42,564)
(4,705)	Net Cash (Inflows) / Outflows From Investing Activities	64,447

[Cash Flow](#)

Note 40 – Cash Flow Statement – Financing Activities

Description:	Financing activities are activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.
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2019/20 £000s		2020/21 £000s
(8,846)	Net (Receipts) / Payments From Short Term & Long Term Borrowing	27,269
(1,992)	Council Tax & NNDR Adjustment / Collection Fund	11,333
7,225	Cash Payments for the Reduction of the Outstanding Liabilities Relating to Finance Leases & On-Balance Sheet PFI Contracts	7,620
(3,613)	Net Cash (Inflows) / Outflows From Financing Activities	46,222

[Cash Flow](#)

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

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

STATEMENT OF ACCOUNTS 2020/21

	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)

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.

2019/20 £000s	Trust Funds / Charities	Details	2020/21 £000s
	<u>Sole / Custodian Trustees:</u>		
160	Hoyland Nether Recreation Ground	Land left in trust to benefit the residents of Hoyland	160
296	Captain Allots	Assist groups / clubs in Hemmingfield & Jump	297
50	Amenity Funds	Monies for residents of Social Services Residential Homes	50
10	Cutlers Charity	Relief of financial hardship within the Barnsley Borough	10
33,467	Penistone Grammar School – Foundation Fund	Provide special benefits not normally provided by the LEA for Penistone Grammar School	36,252
-	Others	Various Other Funds	-
33,983			36,769
	<u>Other Funds:</u>		
119	Prisoner of War Fund	Grants / Loans for the benefit of ex-service personnel	115
59	Goldthorpe Recreation Ground	Benefits the community of Goldthorpe	59
111	Others	Other Funds	109
289			283
34,272	Total Capital Value of Funds		37,052

The assets shown below represent the above fund balances:

2019/20 £000s	Balance Sheet at 31 st March	2020/21 £000s
	Assets:	
33,212	Fixed Assets	35,868
507	Investments	598
411	Cash	442
142	Other Net Assets	144
34,272		37,052
	Represented by:	
34,272	Fund Balances	37,052

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

STATEMENT OF ACCOUNTS 2020/21

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.

2019/20 £000s		2020/21 £000s	
	Income		
(68,875)	Dwelling Rents (Gross)	(70,231)	
(364)	Non-Dwelling Rents (Gross)	(339)	
(1,026)	Charges for Services and Facilities	(1,070)	
(1,705)	Contributions Towards Expenditure	(853)	
(71,970)	Total Income	(72,493)	CI&ES
	Expenditure		
19,829	Repairs & Maintenance	20,053	
16,900	Supervision & Management	18,000	
212	HRA Share of Corporate & Democratic Core	216	
128	Rents, Rates, Taxes & Other Charges	251	
14,886	Depreciation	16,524	Note E
1,901	Impairment of Bad Debts	647	
20,930	Impairment / (Reversal of Previous Years' Impairments) of Non-Current Assets	17,090	Note F
74,786	Total Expenditure	72,781	CI&ES
2,816	Net Cost of HRA Services as Included in the Comprehensive Income & Expenditure Statement	288	CI&ES
	HRA Share of Other Operating Income & Expenditure in The CI&ES		
(833)	(Gain) / Loss on Disposal of HRA Fixed Assets	(847)	
(833)		(847)	
	HRA Share of Financing & Investment Income & Expenditure in The CI&ES		
10,470	Interest Payable & Similar Charges	10,512	
-	Premium Incurred on Early Redemption of Debt	-	
(306)	Interest & Investment Income	(108)	
10,164		10,404	
12,147	(Surplus) / Deficit for the Year on HRA Services	9,845	MIRS

MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2019/20 £000s		2020/21 £000s	
37,074	Balance on the HRA at the End of the Previous Year	31,817	
(12,147)	Surplus or (Deficit) for the Year on the HRA Income & Expenditure Statement	(9,845)	MIRS
6,890	Adjustments Between Accounting Basis and Funding Basis Under Statute	8,980	Note 3 / MIRS
(5,257)	Increase / (Decrease) in the Housing Revenue Account Balance	(865)	
31,817	Balance on the HRA at the End of the Current Year	30,952	EFA / Note 4

STATEMENT OF ACCOUNTS 2020/21

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 2020	Analysis of Housing Stock	31 st March 2021
8,630	Detached/Semi Detached Houses	8,570
1,913	Terraced House	1,908
4	House/Shop	4
3,127	Flats / Bedsits	3,124
4,637	Bungalows	4,640
18	Maisonette	18
18,329	Total	18,264

HRA Balance Sheet Information:

2019/20		2020/21
Value as at 31st March £000s	Asset Category	Value as at 31st March £000s
580,429	Dwellings	647,463
24,692	Other Land & Buildings	23,636
391	Vehicles, Plant, Furniture & Equipment	293
128	Infrastructure Assets	119
572	Assets Under Construction	510
415	Surplus Assets	525
51	Intangible Assets	34
-	Assets Held for Sale	-
606,678	Total	672,580

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 2020 was £1.486 Billion (1st April 2019 value: £1.450 Billion). An analysis was undertaken during 2020/21 to identify whether the asset valuation had materially changed from the 1st April 2020 valuation to the valuation at 31st March 2021. The outcome of the review was that it had, and that the updated information was used, which had a vacant possession value of £1.618 Billion.

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

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

Description:	This note shows the movement on the Council's major repairs reserve.
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2019/20 £000s	Major Repairs Reserve	2020/21 £000s
(10,807)	Balance Brought Forward	(14,822)
(14,886)	Credits:	(16,524)
(5,852)	In Year Depreciation Charge	(4,624)
(20,738)	Additional Contribution to Major Repairs Reserve	(21,148)
16,723	Debits:	16,956
16,723	Capital Expenditure for HRA Purposes	16,956
(14,822)	Balance to Carry Forward	(19,014)

[Note E](#)

STATEMENT OF ACCOUNTS 2020/21

Note D – HRA Capital Expenditure and Capital Receipts

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

2019/20 £000s	Capital Financing	2020/21 £000s
-	Borrowing	-
1,344	Capital Receipts	1,125
-	Revenue Contributions	-
6,914	Reserves	2,556
16,723	Major Repairs Reserve	16,956
877	Grants and Contributions	137
25,858	Total Capital Expenditure Within the HRA	20,774

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

2019/20 £000s	Capital Receipts	2020/21 £000s
6,550	Council House Sales (Net)	4,458
-	Other Land	-
-	Other Buildings	-
-	Non Disposals	-
-	Mortgages and Housing Act Advances	-
6,550	Total	4,458

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.

2019/20 £000s	Depreciation	2020/21 £000s
14,281	Council Dwellings	15,929
482	Other Land & Buildings	471
98	Vehicle, Plant, Furniture & Equipment	98
9	Infrastructure Assets	9
-	Surplus Assets Not Held for Sale	-
16	Intangible Assets	17
14,886	Total	16,524

STATEMENT OF ACCOUNTS 2020/21

Note F – HRA Impairments / Revaluation Losses

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

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

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

2019/20 £000s	Impairments / Revaluation Losses	2020/21 £000s
20,661	Impairments / Revaluations Losses – Non-Value Adding Expenditure - Dwellings	17,221
-	Reversal of Previous Revaluation Losses – Dwellings	(87)
318	Impairments / Revaluations Losses – Non Dwellings	10
(49)	Reversal of Previous Revaluation Losses – OLAB	(54)
20,930	Total	17,090

Note G – HRA Revenue Expenditure Funded from Capital Under Statute

Description:	This note explains any HRA expenditure that is defined as revenue but under statute, can be treated as capital.
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There was no such expenditure relating to the HRA during 2020/21 (2019/20 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.
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Housing rent arrears total £2.845M as at 31st March 2021 (£2.831M as at 31st March 2020).

A bad debts provision has been made in the accounts in respect of potentially uncollectable rent. The value of the provision at 31st March 2021 is £2.845M (£2.831M as at 31st March 2020). The movement in the year comprises of the value of rent arrears written off during the year totalling £0.365M (£0.217M in 2019/20) and an increase in the provision of £0.379M 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 2020/21.

STATEMENT OF ACCOUNTS 2020/21

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.

2019/20			COLLECTION FUND ACCOUNT	2020/21		
COUNCIL TAX	BUSINESS RATES	TOTAL		COUNCIL TAX	BUSINESS RATES	TOTAL
£000s	£000s	£000s		£000s	£000s	£000s
			INCOME:			
(121,165)	-	(121,165)	Council Tax	(123,538)	-	(123,538)
-	(54,603)	(54,603)	Non-Domestic Rates (Note A)	-	(34,150)	(34,150)
(121,165)	(54,603)	(175,768)	Total Income	(123,538)	(34,150)	(157,688)
			EXPENDITURE:			
			<i>Precepts and Demands on Collection Fund by Major Preceptors & the Council:</i>			
95,469	23,282	118,751	BMBC (Including Parish Council Precepts) (Note C)	101,226	24,157	125,383
-	1,315	1,315	Transitional Protection Payments	-	1,376	1,376
12,442	-	12,442	South Yorkshire Police Authority (Note C)	12,953	-	12,953
4,686	465	5,151	South Yorkshire Fire & Civil Defence Authority (Note A / Note C)	4,879	481	5,360
112,597	25,062	137,659		119,058	26,014	145,072
			<i>Non-Domestic Rates:</i>			
-	23,229	23,229	Payment to Central Government (Note A)	-	24,045	24,045
-	319	319	Cost of Collection Allowance (to BMBC) (Note A)	-	319	319
-	23,548	23,548		-	24,364	24,364
2,721	651	3,372	Bad Debts Written Off	1,542	476	2,018
2,195	(58)	2,137	Increase / (Reduction) in Provision for Non-Payment of Council Tax / Business Rates	1,419	(172)	1,247
-	436	436	Provision for Business Rate Appeals	-	979	979
4,916	1,029	5,945		2,961	1,283	4,244
			<i>Estimated Surplus on Collection Fund:</i>			
2,615	1,190	3,805	Transfer to General Fund	3,200	763	3,963
335	-	335	Transfer to South Yorkshire Police Authority	419	-	419
144	24	168	Transfer to South Yorkshire Fire & Civil Defence Authority	159	16	175
-	1,215	1,215	Central Government	-	779	779
3,094	2,429	5,523		3,778	1,558	5,336
120,607	52,068	172,675	Total Expenditure	125,797	53,219	179,016
(558)	(2,535)	(3,093)	(Surplus) / Deficit for Year	2,259	19,069	21,328
			COLLECTION FUND BALANCE:			
(19,777)	(2,983)	(22,760)	(Surplus) / Deficit Brought Forward	(20,335)	(5,518)	(25,853)
(558)	(2,535)	(3,093)	(Surplus) / Deficit for Year	2,259	19,069	21,328
(20,335)	(5,518)	(25,853)	(Surplus) / Deficit Carried Forward	(18,076)	13,551	(4,525)
			SHARE OF (SURPLUS) / DEFICIT BALANCE:			
(17,279)	(2,704)	(19,983)	Barnsley MBC	(15,289)	6,639	(8,650)
(3,056)	(55)	(3,111)	Precepting Authorities	(2,787)	136	(2,651)
-	(2,759)	(2,759)	Central Government	-	6,776	6,776
(20,335)	(5,518)	(25,853)	Total	(18,076)	13,551	(4,525)

STATEMENT OF ACCOUNTS 2020/21

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:

	2019/20	2020/21
Total Rateable Value as at 31st March	£141,560M	£141,139
Standard Multiplier	0.504	0.512
Small Business Multiplier	0.491	0.499

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

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

Note B – Calculation of the Council Tax Base

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

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

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

The basic amount of Council Tax for a band D property in 2020/21 was £1,813.97 (£1,750.77 for 2019/20), and was based on the tax base in the table below (64,081.540 for 2019/20):

Band	Total No of Dwellings*	Proportion of Band D Charge	Band D Equivalent	Adjusted for Estimated Collectable Band D Equivalent (95%)
A-	196	5/9	108.90	103.455
A	44,673	6/9	29,782.20	28,293.090
B	15,578	7/9	12,116.50	11,510.675
C	12,150	8/9	10,799.60	10,259.620
D	8,435	9/9	8,435.00	8,013.250
E	3,607	11/9	4,408.70	4,188.265
F	1,441	13/9	2,081.00	1,976.950
G	636	15/9	1,060.00	1,007.000
H	28	18/9	56.20	53.390
	86,744		68,848.10	65,405.695

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

STATEMENT OF ACCOUNTS 2020/21

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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2019/20 £000s	Demand per Collection Fund	2020/21 £000s
95,063	BMBC	98,848
406	Parish Precepts	414
12,442	Police Authority	12,953
4,686	Fire & Civil Defence Authority	4,879
112,597	Total Precepts	117,094

STATEMENT OF ACCOUNTS 2020/21

SECTION 7 - GROUP ACCOUNTS

THE GROUP MOVEMENT IN RESERVES STATEMENT

<u>Movement in Reserves During 2020/21</u>	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
Adjusted Balance of Reserves at 1st April 2020	211,401	(162,488)	48,913	14,466	993	15,459	64,372
Total Comprehensive Expenditure & Income	3,765	58,783	62,548	(6,455)	(2,610)	(9,065)	53,483
Adjustments Between Accounting Basis & Funding Basis Under Regulations	58,250	(58,250)	-	-	-	-	-
Adjustments Between Group Entity Reserves	-	-	-	4,318	(4,318)	-	-
Net Increase / (Decrease) in 2020/21	62,015	533	62,548	(2,137)	(6,928)	(9,065)	53,483
Balance of Reserves at 31st March 2021	273,416	(161,955)	111,461	12,329	(5,935)	6,394	117,855

[Group CI&ES](#)

[Group Balance Sheet](#)

<u>Movement in Reserves During 2019/20</u> <u>(Restated)</u>	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)	13,932	(4,750)	9,182	(10,957)
Total Comprehensive Expenditure & Income	(32,266)	101,318	69,052	(3,608)	9,885	6,277	75,329
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	61,737	69,052	534	5,743	6,277	75,329
Balance of Reserves at 31st March 2020	206,177	(157,264)	48,913	14,466	993	15,459	64,372

[Group CI&ES](#)

[Group Balance Sheet](#)

STATEMENT OF ACCOUNTS 2020/21

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2019/20 (Restated)				2020/21		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Net Cost of Services:			
153,283	(100,401)	52,882	Children's Services	143,626	(96,228)	47,398
103,913	(29,777)	74,136	Place	103,502	(27,454)	76,048
40,675	(71,970)	(31,295)	Housing Revenue Account	40,344	(72,493)	(32,149)
96,755	(40,355)	56,400	Adults & Communities	92,144	(42,716)	49,428
12,539	(7,787)	4,752	Public Health	10,323	(8,366)	1,957
104,052	(104,681)	(629)	Core Services	113,222	(100,993)	12,229
13,855	(25,421)	(11,566)	Corporate Services	12,867	(29,718)	(16,851)
1,439	-	1,439	Exceptional Item – COVID 19	32,937	(22,542)	10,395
35,064	179	35,243	Berneslai Homes	37,397	(830)	36,567
895	(54)	841	Penistone Grammar Trust	647	(62)	585
562,470	(380,267)	182,203	Net Cost of Services	587,009	(401,402)	185,607
			Other Operating Income & Expenditure:			
436	-	436	Parish Council Precepts	414	-	414
1,666	-	1,666	Payments to Central Government Housing Capital Receipts Pool	1,666	-	1,666
6,973	(10,558)	(3,585)	(Gains) / Losses on The Disposal of Non-Current Assets	4,396	(5,962)	(1,566)
9,679	-	9,679	Exceptional Item – Loss on Disposal of Non-Current Assets Relating to School Transfers	6,769	-	6,769
18,754	(10,558)	8,196	Total Other Operating Expenditure	13,245	(5,962)	7,283
			Financing & Investment Income & Expenditure:			
22,895	-	22,895	Interest Payable on Debt	23,747	-	23,747
97	-	97	Interest Element of Finance Leases	76	-	76
20,279	-	20,279	Interest Payable on PFI Unitary Payments	19,395	-	19,395
11,280	-	11,280	Net Interest on The Defined Benefit Liability / Asset	10,289	-	10,289
-	-	-	Movement in Fair Value of Financial Assets	-	-	-
1,358	-	1,358	Expected Credit Loss Model	396	-	396
-	-	-	Premium Incurred on Early Redemption of Debt	-	-	-
-	(2,045)	(2,045)	Investment Interest Income	-	(819)	(819)
-	(207)	(207)	Dividends Receivable	-	(113)	(113)
-	(10)	(10)	Interest Received on Finance Leases	-	(10)	(10)
3,612	(4,357)	(745)	(Surplus) / Deficit of Trading Undertakings or Other Operations	4,803	(4,455)	348
9	-	9	Subsidiary Taxation	-	-	-
59,530	(6,619)	52,911	Total Financing & Investment Income & Expenditure	58,706	(5,397)	53,309

Continued overleaf.

STATEMENT OF ACCOUNTS 2020/21

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

2019/20 (Restated)				2020/21		
Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Gross Income £000s	Net Expenditure £000s
			Taxation & Non Specific Grant Income:			
-	(25,289)	(25,289)	Recognised Capital Grants & Contributions	-	(35,966)	(35,966)
-	(4,976)	(4,976)	Exceptional Item – COVID 19 Related General Grants	-	(24,924)	(24,924)
-	(8,175)	(8,175)	Section 31 Grant	-	(19,459)	(19,459)
-	(12,746)	(12,746)	Revenue Support Grant (RSG)	-	(12,954)	(12,954)
-	(98,646)	(98,646)	Council Tax	-	(102,437)	(102,437)
-	(25,394)	(25,394)	Business Rates Retention Scheme – Locally Retained	-	(15,034)	(15,034)
-	(32,210)	(32,210)	Business Rates Retention Scheme – Top Up Grant	-	(32,735)	(32,735)
-	(207,436)	(207,436)	Total Taxation & Non Specific Grant Income	-	(243,509)	(243,509)
640,754	(604,880)	35,874	(Surplus) / Deficit on Provision of Services	658,960	(656,270)	2,690
			Other Comprehensive Income & Expenditure:			
6,318	(51,059)	(44,741)	(Gains) / Losses on Revaluation of Property, Plant & Equipment Assets	3,023	(98,979)	(95,956)
145	-	145	(Gains) / Losses on Revaluation of Financial Instruments	111	(90)	21
-	(66,607)	(66,607)	Actuarial (Gains) / Losses on Pension Assets / Liabilities	39,762	-	39,762
6,463	(117,666)	(111,203)	Other Comprehensive Income & Expenditure	42,896	(99,069)	(56,173)
647,217	(722,546)	(75,329)	Total Comprehensive Income & Expenditure	701,856	(755,339)	(53,483)

STATEMENT OF ACCOUNTS 2020/21

GROUP BALANCE SHEET AS AT 31st MARCH 2021

2019/20 (Restated) £000s		2020/21 £000s	2020/21 £000s
	NON-CURRENT ASSETS		
	Property Plant and Equipment:		
580,429	- Council Dwellings	647,463	
334,242	- Other Land & Buildings	317,948	
9,435	- Vehicles, Plant, Furniture & Equipment	8,863	
264,599	- Infrastructure Assets	283,291	
-	- Community Assets	-	
70,118	- Assets Under Construction	107,118	
2,924	- Surplus Assets	1,769	
1,261,747			1,366,452
10,427	Heritage Assets	11,215	
709	Investment Properties	768	
946	Intangible Assets	815	
4,546	Long Term Investments	4,494	
909	Long Term Debtors	1,948	
17,537			19,240
1,279,284	Total Non-Current Assets		1,385,692
	CURRENT ASSETS		
4,108	Assets 'Held for Sale'	8,413	
57,311	Short Term Investments	60,164	
1,575	Inventories	1,751	
10,072	Local Taxation Debtors	10,290	
(9,772)	Impairment of Local Taxation Debtors	(10,243)	
62,203	Other Short Term Debtors	49,004	
(7,800)	Impairment of Short Term Debtors	(6,494)	
-	Corporation Tax Asset	-	
82,303	Cash & Cash Equivalents	61,473	
200,000	Total Current Assets		174,358
1,479,284	TOTAL GROUP ASSETS		1,560,050
	CURRENT LIABILITIES		
(31,229)	Short Term Borrowing	(21,788)	
(9,507)	Other Short Term Liabilities	(8,797)	
(49,204)	Short Term Creditors	(46,392)	
-	Corporation Tax Liability	-	
(6,380)	Provisions	(6,368)	
(17,699)	Capital Grants Receipts in Advance	(23,602)	
(8,152)	Revenue Grants Receipts in Advance	(6,295)	
-	Bank Overdraft	-	
(122,171)	Total Current Liabilities		(113,242)
	LONG TERM LIABILITIES		
(645,650)	Long Term Borrowing	(628,230)	
(202,913)	Other Long Term Liabilities	(194,062)	
(3,725)	Long Term Provisions	(4,521)	
(440,453)	Retirement Benefit Obligations	(502,140)	
(1,292,741)	Total Long Term Liabilities		(1,328,953)
(1,414,912)	TOTAL GROUP LIABILITIES		(1,442,195)
64,372	GROUP NET ASSETS		117,855

Continued overleaf

STATEMENT OF ACCOUNTS 2020/21

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

2019/20 (Restated) £000s		2020/21 £000s	2020/21 £000s
133,875	BMBC USEABLE RESERVES:	195,302	
31,817	- General Fund	30,952	
16,810	- Housing Revenue Account	17,086	
14,821	- Useable Capital Receipts Reserve	19,014	
8,854	- Major Repairs Reserve	11,062	
	- Capital Grant Unapplied Reserve		
206,177	TOTAL BMBC USEABLE RESERVES		273,416
(24,780)	BMBC UNUSABLE RESERVES:	(35,182)	
60	- Capital Adjustment Account	497	
(12,057)	- Deferred Capital Receipts Reserve	(11,473)	
(408,352)	- Financial Instruments Adjustment Account	(462,018)	
(320)	- Pensions Reserve	(431)	
271,208	- Financial Instrument Revaluation Reserve	352,241	
(3,007)	- Revaluation Reserve	(2,482)	
19,984	- Accumulated Absences Account	8,650	
-	- Collection Fund Adjustment Account	(11,757)	
	- DSG Deficit Adjustment Account		
(157,264)	TOTAL BMBC UNUSABLE RESERVES		(161,955)
48,913	TOTAL BMBC RESERVES		111,461
14,086	OTHER GROUP ENTITY USEABLE RESERVES:	11,819	
380	- Berneslai Homes Retained Surplus	510	
	- Penistone Grammar Trust – Unrestricted Funds		
14,466	TOTAL OTHER GROUP ENTITY USEABLE RESERVES		12,329
(32,101)	OTHER GROUP ENTITY UNUSABLE RESERVES:	(41,685)	
33,094	- Berneslai Homes Pensions Reserve	35,750	
	- Penistone Grammar Trust – Restricted Funds		
993	TOTAL OTHER GROUP ENTITY UNUSABLE RESERVES		(5,935)
15,459	TOTAL OTHER GROUP ENTITY RESERVES		6,394
64,372	TOTAL GROUP RESERVES		117,855

STATEMENT OF ACCOUNTS 2020/21

GROUP CASH FLOW STATEMENT

2019/20 (Restated) £000s		2020/21 £000s	2020/21 £000s
35,875	Net (Surplus) / Deficit on Provision of Services		2,690
	<u>Adjustments to Net Surplus or Deficit on The Provision of Services for Non-Cash Movements:</u>		
(80,007)	- Depreciation & Impairment	(80,212)	
(21,637)	- Pension Fund Adjustments	(23,512)	
(16,652)	- Carrying Amount of Non-Current Assets Sold	(11,166)	
815	- (Increase) / Decrease in Provisions	(1,147)	
96	- Increase / (Decrease) in Inventories	176	
11,132	- Increase / (Decrease) in Debtors	(15,897)	
6,461	- (Increase) / Decrease in Creditors	(2,736)	
(113)	- Other Non-Cash Adjustments	(139)	
(99,905)			(134,633)
9	- Taxation Paid		2
	<u>Adjustments for Items Included in the Net (Surplus) or Deficit on the Provision of Services that are Investing & Financing Activities:</u>		
25,289	- Capital Grants Recognised Through Comprehensive Income & Expenditure Statement	35,967	
-	- Premiums Paid on Early Settlement of Debt	-	
10,558	- Proceeds From The Sale of Property, Plant & Equipment, Investment Property & Intangible Assets	6,088	
35,847			42,055
(28,174)	Net Cash (Inflow) / Outflow From Operating Activities		(89,886)
(4,791)	Net Cash (Inflow) / Outflow From Investing Activities		64,494
(3,613)	Net Cash (Inflow) / Outflow From Financing Activities		46,222
(36,578)	Net (Increase) / Decrease in Cash & Cash Equivalents		20,830

Reconciliation and Analysis of Group Cash & Cash Equivalent Balances

2019/20 £000s		2020/21 £000s
45,725	Group Cash & Cash Equivalents as at 1st April	82,303
36,578	Net Increase / (Decrease) in Cash & Cash Equivalents	(20,830)
82,303	Group Cash & Cash Equivalents as at 31st March	61,473
	Made Up Of The Following Elements:	
	<u>BMBC Cash & Cash Equivalents:</u>	
2	Cash Held By The Council	2
(5,345)	Cash in Transit	(12,314)
(1,103)	Bank Current Accounts	10,310
75,015	Short Term Deposits With Financial Institutions	55,012
68,569	Total BMBC Cash & Cash Equivalents	53,010
	<u>Other Group Entity Cash & Cash Equivalents:</u>	
2,391	Bank Current Accounts	321
11,343	Short Term Deposits With Financial Institutions	8,142
13,734	Total Other Group Entity Cash & Cash Equivalents	8,463
82,303	Group Cash & Cash Equivalents as at 1st April	61,473

STATEMENT OF ACCOUNTS 2020/21

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 18,264 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 2020/21

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	2019/20	2020/21
	£000s	£000s
Expenditure:		
Employee Benefits Expenses	190,669	195,575
Other Services Expenses	289,905	310,946
Support Service Recharges	-	-
Depreciation, Amortisation, Impairment	86,875	85,687
Interest Payments	54,551	53,507
Precepts & Levies	436	414
Payments to Housing Capital Receipts Pool	1,666	1,666
Write Out NBV Relating to the Disposal of Assets	16,652	11,165
Total Expenditure	640,754	658,960
Income:		
Fees, Charges & Other Service Income	(138,580)	(133,493)
Interest & Investment Income	(2,275)	(950)
Income From Council Tax & Non-Domestic Rates	(124,040)	(117,470)
Government Grants & Contributions	(329,427)	(398,395)
Sale Proceeds Relating to the Disposal of Assets	(10,558)	(5,962)
Total Income	(604,880)	(656,270)
Surplus or Deficit on the Provision of Services	35,874	2,690

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	2020/21				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s
For Senior Management of the Council, please refer to Note 13					
Berneslai Homes Directors A					526

Post	2019/20				
	Salary	Redundancy / Severance	Expenses / Allowances	Pension Contributions	Total Remuneration
	£000s	£000s	£000s	£000s	£000s
For Senior Management of the Council, please refer to 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 2020/21

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 2020			31 st March 2021	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Investments:		
2,311	57,197	Loans & Receivables at Amortised Cost	2,281	60,048
2,234	114	Unquoted Equity Investment at Fair Value through Other Comprehensive Income	2,324	116
4,545	57,311	Total Investments	4,605	60,164
		Debtors:		
909	196	Amortised Cost	1,300	-
909	196	Total Debtors **	1,300	-
		Cash Equivalents:		
-	86,358	Amortised Cost	-	63,154
-	86,358	Total Cash Equivalents *	-	63,154
5,454	143,865	Total Financial Assets	5,905	123,318
		Borrowings:		
(645,650)	(31,229)	Financial Liabilities at Amortised Cost	(628,230)	(21,788)
(645,650)	(31,229)	Total Borrowings	(628,230)	(21,788)
		Other Liabilities:		
(202,913)	(9,507)	Amortised Cost	(194,062)	(8,797)
(202,913)	(9,507)	Total Other Liabilities	(194,062)	(8,797)
(848,563)	(40,736)	Total Financial Liabilities	(822,292)	(30,585)

* 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 2020				31 st March 2021		
Total Debtors	Impairment For Bad Debts	Total		Total Debtors	Impairment For Bad Debts	Total
£000s	£000s	£000s		£000s	£000s	£000s
15,630	(7,800)	7,830	Trade Receivables	12,579	(6,494)	6,085
23,931	-	23,931	Prepayments & Accrued Grant Income	13,750	-	13,750
22,642	-	22,642	Other Receivable Amounts	22,675	-	22,675
62,203	(7,800)	54,403	Total	49,004	(6,494)	42,510

STATEMENT OF ACCOUNTS 2020/21

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.

31 st March 2020 £000s		31 st March 2021 £000s
(5,038)	Trade Creditors	(8,099)
(10,371)	Other Creditors	(15,444)
(7,313)	Capital Creditors	(3,722)
(3,917)	Receipts in Advance	(6,066)
(5,534)	Payroll Creditors	(4,104)
(9,342)	NNDR	(1,120)
(4,686)	Council Tax	(4,929)
(3,003)	Other Tax & Social Security	(2,908)
(49,204)	Total	(46,392)

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.

2019/20				2020/21		
BMBC £000s	BH £000s	Group £000s		BMBC £000s	BH £000s	Group £000s
			<u>Comprehensive Income & Expenditure Statement:</u>			
			<i>Cost of Services:</i>			
29,327	4,281	33,608	- Current Service Cost	28,677	4,228	32,905
1,433	227	1,660	- Past Service Costs	-	-	-
(5,392)	-	(5,392)	- Settlements & Curtailments	565	108	673
438	66	504	- Administration Expenses	459	68	527
			<i>Financing & Investment Income & Expenditure:</i>			
10,446	834	11,280	- Net Interest Cost	9,537	752	10,289
36,252	5,408	41,660	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	39,238	5,156	44,394
			<i>Other Post-Employment Benefits Charged to the Comprehensive Income & Expenditure Statement:</i>			
			<i>Re-measurement of The Net Benefit Liability Comprising:</i>			
76,871	5,586	82,457	- Return on Plan Assets (Excluding The Amount Included In Net Interest Expense)	(161,619)	(19,524)	(181,143)
(61,353)	(5,065)	(66,418)	- Experience (Gains) / Losses	(29,669)	(2,514)	(32,183)
(52,091)	-	(52,091)	- Actuarial (Gains) and Losses On Changes in Demographic Assumptions	-	-	-
(24,357)	(6,198)	(30,555)	- Actuarial (Gains) and Losses On Changes in Financial Assumptions	225,069	28,019	253,088
-	-	-	Business Combinations	-	-	-
(60,930)	(5,677)	(66,607)	Total Post Employment Benefit Charged to Other Comprehensive Income & Expenditure	33,781	5,981	39,762
(24,678)	(269)	(24,947)	Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement	73,019	11,137	84,156

STATEMENT OF ACCOUNTS 2020/21

2019/20				2020/21		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
			Movement in Reserves Statement:			
(36,252)	(5,408)	(41,660)	- Reversal of Charges Made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in Accordance with The Code	(39,238)	(5,156)	(44,394)
			Actual Amount Charged Against the General Fund Balance for Pensions for the Year:			
25,762	1,961	27,723	Employers' Contributions Payable to Scheme	19,357	1,553	20,910
-	-	-	Retirement Benefits Payable to Pensioners	-	-	-
(10,490)	(3,447)	(13,937)	Net Adjustment to Surplus or Deficit for the Provision of Services	(19,881)	(3,603)	(23,484)

Pension Assets and Liabilities Recognised in the Balance Sheet

2019/20				2020/21		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
(1,371,380)	(148,289)	(1,519,669)	Present Value of The Defined Benefit Obligation	(1,592,047)	(178,562)	(1,770,609)
963,028	116,188	1,079,216	Fair Value of Plan Assets	1,131,592	136,877	1,268,469
(408,352)	(32,101)	(440,453)	Net Liability Arising From Defined Benefit Obligation	(460,455)	(41,685)	(502,140)

Reconciliation of Fair Value of the Scheme (Plan) Assets

2019/20				2020/21		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
1,045,427	118,931	1,164,358	Opening Balance at 1st April	963,028	116,188	1,079,216
24,717	2,972	27,689	Interest Income	22,933	2,770	25,703
		-	Re-measurement Gains and (Losses):			-
(76,871)	(5,586)	(82,457)	- The Return on Plan Assets, Excluding the Amount Included in Net Interest Expense	161,619	19,524	181,143
(438)	(66)	(504)	Administration Expenses	(461)	(68)	(529)
-	-	-	Business Combinations	-	-	-
(12,524)	-	(12,524)	Settlements	(1,714)	-	(1,714)
17,229	1,961	19,190	Employer Contributions	20,920	1,553	22,473
5,724	860	6,584	Contributions by Scheme Participants	6,079	898	6,977
(40,236)	(2,884)	(43,120)	Benefits Paid	(40,812)	(3,988)	(44,800)
963,028	116,188	1,079,216	Closing Balance at 31st March	1,131,592	136,877	1,268,469

STATEMENT OF ACCOUNTS 2020/21

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

2019/20				2020/21		
BMBC	BH	Group		BMBC	BH	Group
£000s	£000s	£000s		£000s	£000s	£000s
(1,495,686)	(153,262)	(1,648,948)	Opening Balance at 1st April	(1,371,380)	(148,289)	(1,519,669)
(29,327)	(4,281)	(33,608)	Current Service Cost	(28,678)	(4,228)	(32,906)
(35,163)	(227)	(35,390)	Past Service Costs	(32,470)	-	(32,470)
(1,433)	(3,806)	(5,239)	Interest Cost	-	(3,522)	(3,522)
(5,724)	(860)	(6,584)	Contributions by Scheme Participants	(6,079)	(898)	(6,977)
			<i>Re-measurement Gains and (Losses):</i>			
61,353	5,065	66,418	- Experience Gains / (Losses)	29,669	2,514	32,183
52,091	-	52,091	- Actuarial Gains / (Losses) Arising From Changes in Demographic Assumptions	-	-	-
24,357	6,198	30,555	- Actuarial Gains / (Losses) Arising From Changes in Financial Assumptions	(225,069)	(28,019)	(253,088)
(2,074)	-	(2,074)	Gains / (Losses) Curtailments	(2,035)	(108)	(2,143)
40,236	2,884	43,120	Benefits Paid	40,812	3,988	44,800
19,990	-	19,990	Liabilities Extinguished on Settlements	3,183	-	3,183
-	-	-	Business Combinations	-	-	-
(1,371,380)	(148,289)	(1,519,669)	Closing Balance at 31st March	(1,592,047)	(178,562)	(1,770,609)

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TECHNICAL ANNEX A

THE COUNCIL'S ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year-end of 31st March 2021. 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 was no material acquired or discontinued operations during 2020/21.

5. Cash and Cash Equivalents

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

6. Material Items of Income and Expense / Exceptional Items

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

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

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position.

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

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

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

8. Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue (Minimum Revenue Provision – MRP) to contribute towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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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 2020/21 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).

In respect of the Council's Group Accounts, capital expenditure between the respective organisations, where material, will be recognised on the balance sheet following completion of the project where the asset becomes operational.

Where there is no market based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the Balance Sheet at fair value are revalued with sufficient regularity to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every 5 years. 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

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

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

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

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

Depreciation

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

Depreciation is calculated based on the average net book value using the following bases:

Category	Basis	No. Of Years
Council Dwellings	Straight Line	15 – 50
Other Buildings	Straight Line	15 – 60
Plant & Equipment (Contents)	Straight Line	3 – 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

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before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. Gains in fair value are only recognised up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement.

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

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

When an asset is disposed of, demolished or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure section of the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

A proportion of receipts relating to housing disposals are payable to Central Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and then can only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written off value of disposal is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

22. Private Finance Initiative

PFI contracts are agreements to receive services, where the responsibility for making available the Property, Plant or Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the Property, Plant or Equipment assets will pass to the Council at the end of the contracts for no additional charge, the Council carries these assets used in delivering the services on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these fixed assets at fair value (based on the cost to purchase the Property, Plant or Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets. For the Secondary School Building Schools for the Future contract, the liability was written down by an initial capital contribution of £6.866M in 2010/11, an additional capital contribution of £25.540M in 2011/12 and a final capital contribution of £36.671M in 2012/13.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance cost – a notional interest charge of 9.49% (BSF Phase 1), 9.28% (BSF Phase 2), 8.08% (BSF Phase 3), 9.01% (Primary Schools PFI), 7.11% (Cudworth LIFT), 3.33% (Darton LIFT) and 7.02% (Waste PFI) on the 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

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uncertain. For instance, the Council may be involved in a court case which could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made, they are charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes more likely than not that a transfer of economic benefits will not be required (or a lower settlement than anticipated is made), the provision (or part thereof) is reversed and credited back to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service line of the Comprehensive Income and Expenditure Statement if it is virtually certain that reimbursement will be received if the obligation is settled.

24. Contingent Liabilities

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

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

25. Contingent Assets

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

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

26. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement and employee benefits and therefore are not available for use by the Council – these reserves are explained in the notes to the accounts.

27. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year, which may be capitalised under statutory provisions but does not result in the creation of a non-current asset, has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from 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

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A maintained community school in England and Wales is a type of state-funded school that is run wholly by the Local Council. The Council is responsible for the school's admissions, owns the school's estate and employs the school's staff.

The Council is the freeholder of community school premises and has a significant role in the running of the school (e.g. administration procedures, employment and payroll of staff / management).

Accordingly, the school premises that fall under this category are recognised as Property, Plant & Equipment in the Council's Balance Sheet.

The income and expenditure of such schools is also recognised within the Council's Comprehensive Income & Expenditure Statement.

Voluntary Aided Schools

A voluntary aided school is a state-funded school in England and Wales in which a foundation or trust (usually a religious organisation) owns the school buildings, contributes to building costs and has a substantial influence in the running of the school. Such schools have more autonomy than voluntary controlled schools, which are entirely funded by the state.

Voluntary aided schools are a type of "maintained school", meaning that they receive all their income from Central Government via the Council, and do not charge fees to students. In contrast to other types of maintained school, only up to 90% of the capital costs of a voluntary aided school are met by Central Government. The foundation contributes the rest of the capital costs, owns the school's land and buildings and appoints a majority of the school governors. The governing body runs the school, employs the staff and decides the school's admission arrangements, subject to rules imposed by Central Government. Pupils follow the National Curriculum, except that faith schools may teach Religious Education according to their own faith.

Accordingly, the school premises of such schools have been de-recognised from the Council's Balance Sheet as these are controlled by the charitable organisation / trust. However, the Council does hold the freehold of the land in certain arrangements which thus remain on the Council's Balance Sheet.

The income and expenditure of such schools is recognised within the Council's Comprehensive Income & Expenditure Statement.

Voluntary Controlled Schools

A voluntary controlled school is a state-funded school in England, Wales and Northern Ireland in which a foundation or trust (usually a Christian denomination) has some formal influence in the running of the school. Such schools have less autonomy than voluntary aided schools, in which the foundation pays part of any building costs.

Voluntary controlled schools are a type of "maintained school", meaning that they are funded by Central Government via the Council, and do not charge fees to students. However, the land and buildings are typically owned by a charitable foundation or Trust organisation, which also appoints about a quarter of the school governors. However, the Council employs the school's staff and has primary responsibility for the school's admission arrangements. Pupils follow the National Curriculum.

In a similar way to Voluntary Aided Schools, the school premises of such schools have been de-recognised from the Council's Balance Sheet as these are maintained by the charitable organisation / trust. However, the Council does hold the freehold of the land in certain arrangements which thus remain on the Council's Balance Sheet.

The income and expenditure of such schools is recognised within the Council's Comprehensive Income & Expenditure Statement.

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.

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The income and expenditure of such schools is not recognised within the Council's Comprehensive Income & Expenditure Statement.

30. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – unobservable inputs for the asset or liability.

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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:
 - Ownership of the asset transferred to the Council at the end of the lease term;
 - 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;
 - The lease term is for the major part of the economic life of the asset;
 - 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
 - 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 considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2021 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>

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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 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		

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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 2 years to 1st April 2022. 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)

Item 4

Report of the Service Director – Finance

AUDIT AND GOVERNANCE COMMITTEE – 28th JULY 2021

CIPFA CONSULTATION ON THE PRUDENTIAL AND TREASURY MANAGEMENT CODES

1. Purpose of the Report

- 1.1 This report presents the proposals on the CIPFA Prudential Code and the CIPFA Treasury Management Code changes following recent CIPFA Consultations on both Codes.

2. Recommendations

- 2.1 **It is recommended that the Committee note the issues arising from the CIPFA consultations and endorse the Council's approach to the proposed changes and how these will be addressed by Treasury Management officers.**

3. Background Information

- 3.1 CIPFA released two separate consultations on Treasury Management related activities with a closing date of the 12 April 2021.

The two consultations were on the Prudential Code and the Treasury Management Code and although the objectives are different, there is some overlap between the two consultations. The requirement to put in place a holistic training plan (included in the Treasury Management Code) is particularly pertinent to the members of the Audit Committee.

CIPFA has published their response to the consultations on 24th June 2021 and outlined the changes that will be taken forward and incorporated within the revised Codes that are due to be published in December 2021. CIPFA expects Local Authorities to apply 'principles' from the publication date and implement a full adoption from 1st April 2022, and the purpose of this report is to outline the main issues arising from the consultations and also prepare the Council / Audit Committee for any changes, particularly in relation to member training requirements.

The details of each consultation are provided separately below.

4. The Treasury Management Code

- 4.1 The purpose of this consultation is primarily to:
- ensure that both officers and members are appropriately trained on treasury management;
 - consider the addition of a new Treasury Management Practice to address environmental, social and governance risks;

- ensure appropriate resource is dedicated to the review and scrutiny of treasury management decisions (i.e. a dedicated committee);
- consider a requirement for the maturity structure of borrowing treasury management indicators on the introduction of the liability benchmark indicator.

4.2 The consultation seeks to ensure all authorities have a training plan in place which covers all those involved in Treasury Management from the in depth knowledge required by the officers that make up the treasury team to the overview knowledge required by SMT and Member forums. Training should therefore be rolled out on a tailored basis to reflect an individual's level of Treasury Management involvement.

A similar training requirement was introduced in the period after the 2008 financial crash. This training focused on the risks involved in Treasury Management such as investment default which occurred when the Icelandic banks collapsed. As a result of the proposals, CIPFA also facilitated some additional training for officers and members including a bespoke qualification for those most involved in Treasury Management. A similar training programme will be provided this time around when the framework is finalised and incorporated into the Training Plan.

To a large extent, the Council has maintained the good training practice it introduced in the wake of the 2008 crash even though it was not one of the authorities directly impacted by the Icelandic bank collapse. For example, the treasury team continues to receive regular training updates from our advisers, Link, the team / advisers also continue to provide Treasury Management training to a number of Member forums and lastly, a Treasury Management Panel has been maintained which includes the two Core Services Cabinet spokespersons.

However, there are one or two gaps in our good practice that we will seek to rectify. For example, CIPFA discontinued its bespoke Treasury Management qualifications a number of years ago and therefore no new members of the team have been offered formal qualifications in Treasury Management. Equally, the Audit Committee initially decided to allocate two of its members as Treasury Management spokespersons on the basis that this is a very technical area but this has lapsed over time. Audit Committee might want to consider whether to re-adopt this practice in future as a result of this latest consultation / update.

As outlined in their response, CIPFA will proceed with the implementation of the Treasury Management Knowledge and Skills framework. CIPFA will add a level of 'scalability' or maturity to ensure flexibility for small to large organisations of various complexity and resources. CIPFA recognises that certain roles will be fulfilled as part of a job at smaller organisations. However, the purpose of the schedule is to not only recognise the professional role and importance that treasury managers play within their organisation but also to highlight the need for resources and training where appropriate. CIPFA will also provide a template for organisations to produce a 'learning needs analysis' to support the implementation of new requirements and processes under the expanded guidance.

Officers plan to undertake 'learning needs analysis' using CIPFA's template when it becomes available, and a training plan will be developed including training requirements for officers, Councillors and members of the Audit Committee. It is anticipated that training will be delivered internally by the Treasury Management officers and externally by our Treasury Management advisers.

4.3 In addition, CIPFA proposed to add a new Treasury Management Practice to address environmental, social and governance risks.

CIPFA recognised the arguments put forward by the respondents and will not at this juncture include a separate TMP for ESG risks. However, they will incorporate ESG issues as a consideration within TMP1 (Risk Management). This would place ESG alongside the other risks facing local authority treasury management, rather than potentially being seen to give it precedence. This will ensure robust due diligence procedures are designed, implemented and monitored to the same professional level subject to the relevant treasury activity for each individual authority.

The Council will consider ESG requirements as part of the Treasury Management Investment Strategy and provide an update as part of quarterly reporting.

- 4.4 The proposed changes also included a requirement for a dedicated committee that would deal with more complex treasury management functions (i.e. a professional client under MiFID II legislation).

However, CIPFA recognised the consistent theme within the responses disagreeing with these proposals, and will revisit the proposals to make sure that they take on board the views of respondents while ensuring that appropriate resource is dedicated to the review and scrutiny of treasury management decisions.

To a large extent, our existing Treasury Management Panel would cover this requirement.

- 4.5 Finally, CIPFA proposed to remove the maturity structure of borrowing treasury management indicators on the introduction of the liability benchmark indicator.

In their response, CIPFA stated that they will not remove the maturity structure indicator. However, if the organisation is publishing a liability benchmark then it will consider approaches to make this indicator optional.

The Council will continue using the maturity structure of borrowing treasury management indicators, it is a useful tool that helps to plan any new borrowing and control any excessive loan maturity spikes in the external loan portfolio.

5. The Prudential Code

- 5.1 The primary objectives of this consultation are to:

- prevent Local Authorities using borrowing primarily for yield;
- consider adding proportionality as an objective in the Prudential Code, as well as adding further provisions so that an authority incorporates an assessment of risk to levels of resources;
- define commercial activity and investment, and ensure that the purchase of commercial property purely for profit cannot lead to an increase in the capital financing requirement (CFR);
- consider the addition of the new indicators for net income from commercial and service investments to net revenue stream to assess proportionality;
- introduce the liability benchmark as a treasury management indicator.

- 5.2 The proposed changes to the CIPFA Prudential Code seek to address the issue of borrowing purely for yield. Without the strengthened provisions, local authorities risk further government intervention in the Prudential Framework.

The Government have been concerned about this issue for a number of years largely in relation to a small number of authorities that have been borrowing to invest in 'out of borough activities / infrastructure / commercial property' (i.e. hotels) purely to generate a return.

Following a review of responses CIPFA have confirmed that the Prudential Code will be revised to include the proposed clarifications that are intended to protect the public purse and avoid misinterpretation of the Prudential Code's provisions. This will help to make clear that an authority must not borrow to invest primarily for the purpose of commercial return.

The proposals are consistent with the new guidance on Public Works Loan Board (PWLB) borrowing published in November 2020. The UK Government's rules for access to PWLB lending require statutory Chief Finance Officers to certify that their local authority's capital spending plans do not include the acquisition of assets primarily for yield. This reflects a view that local authorities' borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management rather than to add gearing to return-seeking investment activity.

The Council has no intentions to borrow to finance acquisitions where obtaining commercial returns is the primary aim.

- 5.3 Following the positive response to the proposals in the consultation paper, CIPFA will include proportionality as an objective in the Prudential Code, as well as further provisions so that an authority incorporates an assessment of risk to levels of resources.

On the matter of commercial proportionality, CIPFA have, however, recognised that commercial activity is often a component of successful regeneration projects. They therefore propose that local authorities assess the proportionality of the commercial risk of all projects, including regeneration, to quantify the risk to their resources. As a simple example, if a local authority has reserves of £20m and carries commercial risk of £50m, this would be considered disproportionate.

Treasury officers will review the guidance to ensure compliance with the proposed changes.

- 5.4 CIPFA will provide clarification and definitions to define commercial activity and investment. The amendments to the Prudential Code will be consistent with the proposals outlined in Section 5.2 of this report, that the purchase of commercial property purely for profit cannot lead to an increase in CFR but also provide clear guidance that an economic regeneration scheme that has clear policy objectives, part of which results in commercial income, is considered acceptable.

As stated earlier in this report, the Council has not and will not borrow to finance acquisitions where obtaining commercial returns is the primary aim.

- 5.5 CIPFA proposals also included the addition of the new indicators for net income from commercial and service investments to net revenue stream to assess proportionality.

CIPFA confirmed that it will implement the new indicator, with the addition of comparing this to levels of reserves to provide context on the financial sustainability of a local authority. Further to this, a narrative should be provided on the security of the commercial income to assess the levels of risk attributed to commercial revenue.

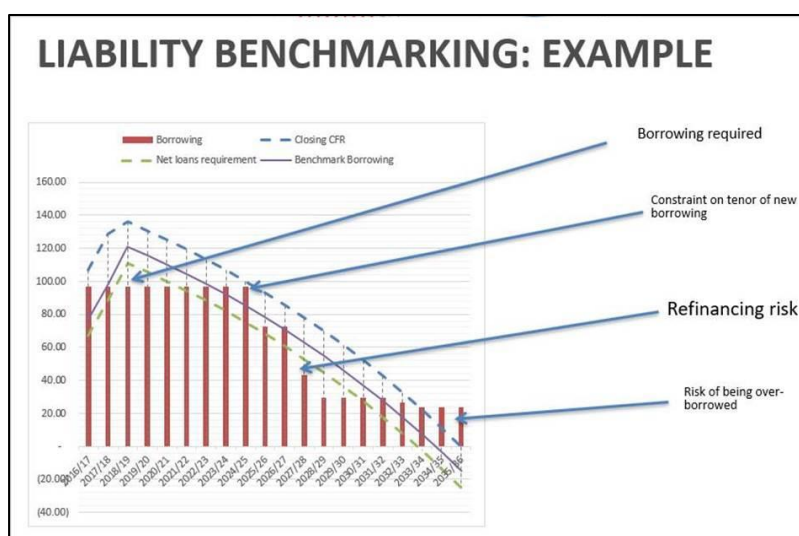
Treasury officers will review the guidance and develop the net income from commercial and service investments to net revenue stream indicator in line with the revised Prudential Code requirements.

- 5.6 CIPFA will implement the liability benchmark as a treasury indicator and will provide substantial guidance on the use and creation of a liability benchmark to enable local authorities and other organisations to use this effectively.

CIPFA explained that the liability benchmark is an essential risk management tool. The optimum position is for total borrowing to be on the liability benchmark line. Borrowing above that level will be reflected in increased investment balances and introduce the cost of carry and additional credit risk implications, although this may be needed to anticipate interest rate movements and secure affordable borrowing.

The new tool will help to measure borrowing levels and the profile of debt over time. This indicator is based on future cash flows and forecast minimum revenue provision (MRP) for repayment of debt in the future. If debt exceeds the liability benchmark the authority has a cash surplus and is holding on deposit. It is a measure of an authority's existing (and committed) loans portfolio that is compared with its forecast loan needs. This benchmark should enable the authority to understand and manage its exposure to treasury risks. Using the benchmark maturity profile or net loans benchmark enables the authority to minimise its treasury risks by matching its maturity profile to the liability benchmark.

CIPFA have provided a graph to illustrate how they expect the liability benchmark to work. This is shown below.



The Council's Treasury Management strategy and quarterly updates already include some of these measures i.e. maturity profile, fixed rate borrowing, capital financing requirement, although these measures provide a medium-term outlook. CIPFA recommends that the liability benchmark is produced for at least 10 years and should ideally cover the debt profile of a local authority.

Treasury officers will review the detailed guidance and develop the liability benchmark indicator in line with the revised Prudential Code requirements.

- 5.7 Other less significant changes proposed by CIPFA (including proposals that CIPFA is not planning to take forward) are outlined below:

- CIPFA propose to add sustainability as a criteria and ensure that capital expenditure is consistent with a local authority's corporate objectives (such as diversity and innovation) to the objectives in the Prudential Code. CIPFA believes sustainability is an important

issue and will provide additional direction to support sustainable behaviour in the guidance without prescription;

- CIPFA asked authorities to consider if the current objectives of the Prudential Code are still relevant. The sector continues to view the Prudential Code as relevant, professional and an objective framework designed to ensure capital plans are prudent;
- CIPFA asked authorities to consider if the provisions in the Prudential Code achieve current objectives. CIPFA recognises that elements of the Prudential Code may require further definition and clarification, and the CIPFA secretariat would welcome views on how the objectives might be updated;
- CIPFA asked to consider if there are any areas that are not fully covered by these objectives. CIPFA will review the proposals and consider how the Prudential Code might be updated. The CIPFA secretariat would seek the views of the CIPFA panel on how this might be undertaken;
- CIPFA proposed to include the status of the Prudential Code within the body of the code itself and will implement this proposal;
- CIPFA proposed to include additional commentary on the assessment of affordability and the details of risks of undertaking commercial activity within the commercial activities section on determining the capital strategy. As covered in previous responses, CIPFA will provide clarification on the definitions of investments primarily for yield and those related to regeneration activities within the final Prudential Code and guidance;
- CIPFA asked to provide suggestions on how the prudential indicators could be improved in order that they might provide additional assurance for public accountability. CIPFA will consider responses and would welcome any further comments from the CIPFA panel on the proposals and how the Prudential Code and its guidance might be updated;
- CIPFA proposed the addition of the new indicator for external debt to net revenue stream to assess proportionality. CIPFA will not implement this proposal, but it will recommend in guidance that local authorities consider introducing this or similar indicators as local indicators. The CIPFA panel's views are sought on this issue;
- CIPFA suggested the removal of the prudential indicator - gross debt and the CFR on the basis that it is included as part of the liability benchmark, which is to be introduced as a prudential indicator. Based on responses provided, CIPFA decided not to remove the prudential indicator on gross debt and CFR.

6. Financial Implications

- 6.1 Any financial implications of the changes are incorporated in the body of the report.

7. List of Appendices

- 7.1 CIPFA Consultation response – Treasury Management Code
7.2 CIPFA Consultation response – Prudential Code
7.3 CIPFA Prudential and Treasury Management Code consultation outcome - summary for clients provided by Link Group (the Council's Treasury Advisors)

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Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes

Consultation responses and proposed changes

Question 1: Do you agree with the proposal that organisations that have adopted the Treasury Management Code will have to explicitly document a formal and comprehensive knowledge and skills schedule to ensure the effective acquisition and retention of treasury management skills for those responsible for the management, delivery, governance, decision-making and compliance with legislative requirements? If not, why not? What alternatives would you suggest?

What should be included in a knowledge and skill schedule?

Response	Number of responses
Agree	61
Disagree	15
Neutral	11

Total responses: 87

Respondents were invited to comment on the proposal that organisations that have adopted the Treasury Management Code (TM Code) will have to explicitly document a formal and comprehensive knowledge and skills schedule to ensure the effective acquisition and retention of treasury management skills for those responsible for the management, delivery, governance, decision-making and compliance with legislative requirements.

Respondents' comments

Overall respondents are supportive of the expanded policy statement. However, concerns have been raised in relation to scalability and flexibility. Larger authorities with a dedicated treasury function may find it easier, but this is likely to be harder for smaller authorities who do not have a full time treasury manager and only use a small range of products.

CIPFA's response

See CIPFA's response to questions 1 to 4 below.

Question 2: Do you agree with the proposals for what should be included in a knowledge and skills schedule?

Response	Number of responses
Agree	62
Disagree	8
Neutral	15

Respondents' comments

Comments from respondents are in support for the proposal. However, some respondents commented on the need for a tailored, flexible approach. Their view was that this might be a better approach as a one-size fits all approach will not be achievable for some smaller organisations. A balance needs to be struck between setting out a workable regulatory structure without being overly onerous.

Respondents commented that if the intention is for the schedule to be published, the suggested level of detail may be too high and the schedule should direct the reader to where the competencies for each role can be found rather than state them as part of the schedule itself.

Suggestions were made that the TM Code should focus on the objective, rather than prescribing the form in which this objective needs to be met. Some respondents expect the majority of organisations will manage this requirement already and commented that it also may not be solely the responsibility of the treasury function. Their view was that if existing processes already achieve the objective to have the essential skills and knowledge for treasury management, it should not be necessary for those organisations to change or duplicate processes purely to comply with a particular prescribed format.

CIPFA's response

See CIPFA's response to questions 1 to 4 below.

Question 3: Do you agree with the proposals for the monitoring and review of treasury management knowledge and skills? Do you agree that these are best specified in guidance to the Treasury Management Code? If not why, not? What alternatives do you suggest?

Response	Number of responses
Agree	51
Disagree	26
Neutral	10

Respondents' comments

Respondents commenting on the proposals for the monitoring and review of treasury management knowledge and skills were in support of implementing such requirements in the TM Code and Guidance.

A few dissenting respondents suggested that organisations should still have the flexibility to set other objectives via internal appraisal systems where required. To achieve these skills individual local authorities should be free to tailor their approach to suit their specific circumstances and avoid a 'one size fits all' approach. Respondents did however agree that the approach should be documented in the treasury management strategy.

A number of specific references to councillor training were made and there appears to be a consensus that training for councillors should be included. Comments from respondents indicated that local authorities could use this to demonstrate the training to be a mandatory requirement for attendance at the bodies considering treasury management matters in detail. In the absence of an agreement to mandate training, this would allow local authorities to report that they comply with the code with the exception of the councillor training. Respondents indicated that they would therefore wish for this to be implemented on a 'comply or explain' basis.

CIPFA's response

See CIPFA's response to questions 1 to 4 below.

Question 4: Do you agree that guidance to the Treasury Management Code should include specifications on key competencies for treasury management roles?

Response	Number of responses
Agree	22
Disagree	39
Neutral	26

Respondents' comments

Respondents commented that it is important to ensure that the key competencies are held within the organisation but attaching them to specific roles could be problematic for smaller authorities and for recruitment/staff movement.

Respondents accept having some specifications on key competencies for treasury management roles. There needs to be a recognition that this has to be proportionate to the size and scale of the activities that an organisation undertakes.

Respondents noted that it would be helpful to have suggested key competencies that each local authority can then use as a starting point in setting the requirements for their own organisation, specific to the particular treasury management activity that officers and members will be involved with. It would be helpful if CIPFA produced a template 'learning needs analysis' as they do for the governance of local authority pension funds.

CIPFA response to questions 1 to 4:

As indicated in the consultation papers it is essential that the treasury management function is supported by appropriate training for local authority members and staff. CIPFA will therefore proceed with the implementation of the Treasury Management Knowledge and Skills framework. CIPFA will add a level of 'scalability' or maturity to ensure flexibility for small to large organisations of various complexity and resources.

CIPFA recognises that certain roles will be fulfilled as part of a job at smaller organisations. However, the purpose of the schedule is to not only recognise the professional role that treasury managers play within an organisation and their importance but also to highlight the need for resources and training where appropriate for organisations.

CIPFA will also provide a template for organisations to produce a 'learning needs analysis' to support the implementation of new requirements and processes under the expanded guidance.

The Panel's views are sought on the proposed approach above.

Question 5: Do you agree with the addition of a new TMP to address environmental, social and governance risks? If not, why not? What alternatives do you suggest?

Response	Number of responses
Agree	15
Disagree	49
Neutral	22

Respondents' comments

Respondents were invited to comment on the addition of a new TMP to address environmental, social and governance risks. Responders overall are opposed to the introduction of a specific TMP to address these issues.

A number of respondents commented that the extent to which an authority wishes to address ESG risks should be based on council policy and objectives. Views showed it may be preferable for any ESG matters to be part of a wider policy framework, as the treasurer or Section 151 officer's responsibilities are first and foremost the protection of public funds (security, liquidity and then yield), in accordance with the current TM Code. Including ESG within a CIPFA Code may conflict with the security, liquidity and yield requirements.

Respondents recognise that while the appetite for ESG risk monitoring may exist in the local authority sector, the market is yet to catch up. It may be prudent to wait a few years before creating a TMP that addresses ESG until ESG is much more embedded in the investment market generally.

Suggestion was instead made that ESG risk management should be added as a sub-category under the risk management TMP1. This would place ESG alongside the other risks facing local authority treasury management, rather than potentially being seen to give it precedence. This will ensure robust due diligence procedures are designed, implemented and monitored to the same professional level subject to the relevant treasury activity for each individual authority.

CIPFA response:

CIPFA recognises the arguments put forward by the respondents and will not at this juncture include a separate TMP for ESG. However, we will incorporate ESG issues as a consideration within TMP1.

Question 6: Do you agree more complex treasury management functions (ie a professional client under MiFID II legislation) means that local authorities would benefit from the support of a dedicated committee to review decisions and strategies and that CIPFA should recommend this in its guidance provided to local authorities? If not, why not? What alternatives would you suggest?

Response	Number of responses
Agree	3
Disagree	69
Neutral	16

Respondents' comments

Respondents' views were that there may be alternative arrangements that would provide greater benefit rather than the proposal for a dedicated committee. They believe that each local authority is best placed to make that decision. Rather than the guidance getting involved in processes such as recommending a particular committee, respondents consider that the guidance should set out the main features of the arrangements and leave it to each local authority to determine what works best in its own circumstances.

Some local authorities already have a dedicated treasury management committee, but some comments indicated that they were of the view that that making it mandatory for the majority of authorities was an unnecessary step. Respondents commented that the TM Code already provides roles for full council, cabinet and an audit or scrutiny committee. Requiring a fourth committee specifically for treasury management is 'a step too far in'.

CIPFA response:

CIPFA recognises the consistent theme within the responses disagreeing with the proposals. It would clarify that the proposal was intended to form part of the guidance as a recommendation to examine the benefits of a separate committee, not to prescribe a specific governance structure. However, it will revisit the proposals to make sure that they take on board the views of respondents while ensuring that appropriate resource is dedicated to the review and scrutiny of treasury management decisions.

Question 7: Do you agree with the removal of the maturity structure of borrowing treasury management indicators on the introduction of the liability benchmark indicator? If not, why not? What alternatives would you suggest?

Response	Number of responses
Agree	18
Disagree	57
Neutral	8

Respondents' comments

Respondents commented that the maturity structure provides a method of mitigating exposure to loan re-financing. It can also be used to plan any new borrowing and help to control any excessive loan maturity spikes in the external loan portfolio.

Their view was that maturity limits are easy to understand and are objective, so this element of the previous indicator might be something which is retained separately.

Respondents commented that if the liability benchmark is introduced then this indicator should be made optional.

CIPFA response:

CIPFA will not remove the maturity structure indicator. However, if the organisation is publishing a liability benchmark then it will consider approaches to make this indicator optional.

The Prudential Code for Capital Finance in Local Authorities

Consultation responses and proposed changes

Executive summary

CIPFA is pleased to publish its response on the review of The Prudential Code for Capital Finance in Local Authorities (2017) (Prudential Code). CIPFA is grateful to the sector for the healthy response rate, with over 100 responses provided for each code consultation.

As guardians of the Prudential Code, CIPFA will ensure it is strengthened. Following the significant risk taken to protect this system by a few local authorities with public funds, the proposals outlined in this consultation clearly address that borrowing for yield only is a risk to prudent investment. Without these strengthened provisions, local authorities risk further government intervention in the Prudential Framework.

CIPFA is committed to the Prudential Code regime to ensure local decision making is protected and that local authorities can deliver service innovation under a principles-based system. For the sector to continue to enjoy the freedoms of this system, the few outlying councils must end actions that either push the boundaries of the Prudential Code or intentionally misinterpret its provisions.

Following a review of each response we have received, the changes we will take forward into a revised Prudential Code are as follows:

- 'Paragraph 45' will be updated and revised to include the proposals for strengthening the Prudential Code in the consultation.
- CIPFA will include proportionality as an objective in the Prudential Code, and those further provisions are included so that an authority incorporates an assessment of risk to levels of resources.
- CIPFA will provide clarification and definitions to define commercial activity and investment. The amendments to the Prudential Code will be consistent with the proposals outlined for paragraph 45 – that the purchase of commercial property purely for profit cannot lead to an increase in capital financing requirement (CFR).
- CIPFA will introduce the liability benchmark as a treasury management indicator for local government bodies and explore a similar indicator for cross-sector organisations.

CIPFA intends to publish the revised Prudential Code in December 2021.

Consultation extract – borrowing in advance of need

In the last five years, there has been an increasing trend in authorities purchasing property solely to make an investment return. Particular concerns arise when these investments have been financed from borrowing, especially where this does not accord with paragraph 45 of the Prudential Framework, which states:

Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.

CIPFA has issued extensive guidance on proper investments into property in its publication *Prudential Property Investment* (2018) to assist local authorities in investment decisions in this area.

CIPFA considers it might be helpful if more guidance to explain the provisions is included in the Prudential Code itself to assist local authorities with their decision making and to underline the importance of the Prudential Code's provisions in this area.

CIPFA would note that the provisions in paragraph 45, including the new amendments, apply equally to financial instruments and property investments.

EXTRACT OF PARAGRAPH 45 FROM THE PRUDENTIAL CODE WITH PROPOSED AMENDMENTS

SECTION SIX

Prudence and prudential indicators for prudence

...

45 **Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed.** ~~Authorities should also consider carefully whether they can demonstrate value for money in borrowing in advance of need and can ensure the security of such funds.~~ Therefore, local authorities **must** not borrow to fund solely yield-generating investments.

46 ~~This prohibition does not cover borrowing, where the primary aim is rooted in the function of the authority and the making of the return is incidental to the function, eg regeneration properties. Authorities should also consider carefully whether they can demonstrate value for money in borrowing and can ensure the security of such funds. For examples on how to assess this, refer to *Prudential Property Investment* (CIPFA, 2018).~~

Question 1: CIPFA is interested in stakeholders' views on the first sentence of paragraph 45. What alternatives would you suggest?

Response	Number of responses
Agree or suggested amendments	56
Disagree	42

Total responses: 98.

Consultation response summary:

The consultation sought views on the first sentence of paragraph 45 and expanded clarification proposed within the Prudential Code. Responses overall are in favour of agreeing with the proposals or with suggested amendments to the clarification.

Respondents agreed that commercial yield is allowed when it is ancillary to the primary reason for the scheme, and paragraph 45 states that authorities must not borrow more than or in advance of their needs in order to profit from the investment of the extra sums borrowed. The respondents' views are that this is consistent with the new guidance on Public Works Loan Board (PWLB) borrowing published in November 2020 and would not affect planned capital, investment or treasury management activities.

The replacement of 'purely' with 'primarily' means authorities may invest in advance of use of any borrowing to fund core functions such as economic regeneration. It should remain the case that a strong audit trail is available to demonstrate the purpose of borrowing in case this is challenged by auditors. The wording does not remove value for money considerations when entering borrowing. This means that if there is a case to borrow in advance of a specific and identified need to secure more favourable rates of interest, this is permissible.

Respondents who disagreed made the following observations.

As specified in the Prudential Code, local authorities have considered the CFR to be their underlying need to borrow. This is consistent with the definition of borrowing in advance of need in the Scottish Government guidance. If paragraph 45 is to be retained in the revised Prudential Code, it is essential that a precise definition of 'needs' is given. Clarity on what constitutes 'profit' from the investment will also be helpful, without preventing authorities from taking good treasury management decisions to borrow when interest rates are low.

Respondents commented:

The use of the word 'primarily' instead of 'purely' takes a statement that was quite clear in its meaning to one that is now open to greater interpretation.

They were of the view that clear definitions of the terms 'needs' and 'investment' would also be essential. Some authorities define 'need to borrow' as meeting cash flow requirements up to the capital financing requirement. Borrowing is not undertaken on a project-by-project

basis but as part of the treasury management function of day-to-day cash flow management. 'Investments' take many forms, and clear definitions of what is and isn't acceptable under the term 'primarily yield generating' is critical.

Question 2: Do you agree with the changes to paragraph 45 relating to the explanation of the sentence, “Authorities must not borrow more than or in advance of their needs purely in order to profit from the extra sums borrowed”?

Response	Number of responses
Agree or suggested amendments	41
Disagree	51

Respondents' comments:

The consultation proposed changes to paragraph 45 to further clarify the position of “borrowing in advance of need purely in order to profit from the extra sums borrowed”.

Respondents in favour of the changes agreed, but the consensus is clear that more clarification on the definitions of 'need' and 'investments' is required. Currently, 'need' is only defined as the need to finance the capital financing requirement, which at present could also be increased by purchasing a commercial investment.

Respondents also agreed with the need to strengthen the Prudential Code and that the current wording has “not prevented a minority of councils taking disproportionate levels of commercial debt to generate yield by misinterpreting the Prudential Code or not having regard to its provisions”. The additional wording, which adds “local authorities must not borrow to fund primarily yield-generating investments”, provides clear guidance while still allowing authorities to make their own judgement regarding what constitutes 'primarily'. It appears that respondents support the proposals as an appropriate change.

Comments in disagreement with the proposed changes mainly requested further clarification or clearer definitions and raised the issue that to purchase a non-current asset (or commercial property) depletes cash resources. This in turn leads to a need to borrow. The respondents indicated that paragraph 45 incorrectly infers that the money is initially borrowed and then a secondary purpose is sought for money raised.

Responses also requested that changes could go further and clarify what constitutes profit and need. The draft paragraph 46 is unclear, in that the authority should also consider carefully whether they could demonstrate value for money in borrowing.

CIPFA response to questions 1 and 2:

CIPFA will continue with the proposed clarifications that are intended to protect the public purse and avoid misinterpretation of the Prudential Code's provisions.

CIPFA has provided a revised draft of paragraph 45 below, taking into account the respondents' views:

EXTRACT OF PARAGRAPH 45 FROM THE PRUDENTIAL CODE WITH PROPOSED AMENDMENTS

SECTION SIX

Prudence and prudential indicators for prudence

...

45 ~~Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. Authorities should also consider carefully whether they can demonstrate value for money in borrowing in advance of need and can ensure the security of such funds. Therefore, local authorities must not borrow to fund solely yield-generating investments.~~

45 Authorities under legislation can borrow and invest for the following purposes:

- Any function of the authority under any enactment.
- For prudential financial management.

46 The Prudential Code considers legitimate examples of prudent borrowing to include:

- a) financing capital expenditure primarily related to the delivery of a local authority's functions
- b) temporary management of cash flow within the context of a balanced budget
- c) securing affordability by removing exposure to future interest rate rises
- d) refinancing current borrowing, including replacing internal borrowing, to manage risk or reflect changing cash flow circumstances.

47 The Prudential Code determines certain acts or practices that are not prudent activity for a local authority and incurs risk to the affordability of local authority investment:

- An authority must not borrow to invest for the primary purpose of commercial return.
- It is not prudent for local authorities to make any investment or spending decision that will increase the CFR, and so may lead to new borrowing, unless directly and primarily related to the functions of the authority and where any commercial returns are related to the financial viability of the project in question.
- These principles apply to prudential borrowing for capital financing, such as externalising internal borrowing for the primary purpose of commercial return.

- 48 The UK government's rules for access to PWLB lending require statutory chief finance officers to certify that their local authority's capital spending plans do not include the acquisition of assets primarily for yield. This reflects a view that local authorities' borrowing powers are granted to finance direct investment in local service delivery (including housing, regeneration and local infrastructure) and for cash flow management rather than to add gearing to return-seeking investment activity. Since:
- a) access to the PWLB is important to ensure local authorities' liquidity in the long term, and
 - b) gearing investment always increases downside risks
- local authorities should not borrow to finance acquisitions where obtaining commercial returns is a primary aim.

Question 3: Do you agree with CIPFA's proposal to add proportionality to the objectives within the Prudential Code, especially with regard to commercial investments? If not, why not? What alternatives would you suggest?

Response	Number of responses
Agree	45
Disagree	32
Neutral	19

CIPFA requested respondents to comment on the proposal to add proportionality to the objectives within the Prudential Code, especially regarding commercial investments.

Overall, respondents are in favour of including proportionality for capital expenditure generally and for commercial investment, particularly as this is an important consideration. Their views appear to be it is appropriate that this should be explicitly included in the objectives of the Prudential Code.

Respondents have, however, requested further clarification of the interpretation of proportionality and commented that it could be placed in the context of risk to the authority in relation to its risk appetite.

CIPFA response:

Following the positive response to the proposals in the consultation paper, it is recommended that CIPFA will include proportionality as an objective in the Prudential Code, and that further provisions are included so that an authority incorporates an assessment of risk to levels of resources.

On the matter of clarification with regard to the position of commercial proportionality, CIPFA is of the view that while local authorities should not be investing in assets primarily for commercial yield, it is recognised, for example, that commercial activity is often a component of successful regeneration projects. We therefore propose that local authorities assess the proportionality of the commercial risk of all projects, including regeneration, to quantify the risk to their resources. As a simple example, if a local authority has reserves of £20m and carries commercial risk of £50m, this would be considered disproportionate. Please note that this is extensively explored in CIPFA guidance *Prudential Property Investment* (2018).

Question 4: Do you agree with the introduction of an objective in relation to commercial investments? If not, why not? What alternatives would you suggest?

Response	Number of responses
Agree	44
Disagree	28
Neutral	27

Respondents generally agree that the introduction of a specific objective around commercial investment is useful, with the intention to embed good practice across local authorities irrespective of the type of capital investment that is taking place. Respondents commented that, as set out in the proposed drafting, commercial investments should follow the same process, and to further strengthen the guidance, wording could be added to state that a commercial return is not to be used to ‘shortcut’ other protocols contained within the guidance.

Respondents consider it would be helpful to define ‘commercial investment’, so that this position is understood and consistently applied by all users of the Prudential Code. Also, in light of recent high-profile failings connected with commercial investment, respondents suggested that consideration be given to the addition of a comment on the principles of good governance and informed decision making. Respondents also believe it would be useful if CIPFA could provide examples of what an ‘acceptable commercial investment’ is:

- Purchase of a commercial property purely for profit cannot lead to an increase in CFR and is considered unacceptable.
- An economic regeneration scheme that has clear policy objectives, part of which results in commercial income, is considered acceptable.

CIPFA response:

CIPFA will provide clarification and definitions to define commercial activity and investment. The amendments to the Prudential Code will be consistent with the proposals outlined for paragraph 45 – that the purchase of commercial property purely for profit cannot lead to an increase in CFR and is considered unacceptable – and provide clear guidance that an economic regeneration scheme that has clear policy objectives, part of which results in commercial income, is considered acceptable.

Question 5: Do you agree with the proposal to add sustainability and ensure that the capital expenditure is consistent with a local authority's corporate objectives (such as diversity and innovation) to the objectives in the Prudential Code? Please provide a reason for your response.

Response	Number of responses
Agree	27
Disagree	62
Neutral	11

Respondents were asked for their views on the proposal to add sustainability and ensure that the capital expenditure is consistent with a local authority's corporate objectives (such as diversity and innovation) to the objectives in the Prudential Code.

The proposal comments were mostly opposed to this. Respondents recognised that sustainability/climate change is an important issue for local authorities alongside numerous strategic issues such as education and social care. However, they do not agree with the proposal to add it to the Prudential Code, as this proposal mixes subjective, policy-related issues with the objectivity of the Prudential Code. The Prudential Code has been structured to ensure that the policy framework within an elected body is structured in a professional and objective way to ensure policy decisions are prudent, sustainable (longevity, not climate change, etc) and affordable.

Many respondents commented that sustainability/climate change is not directly a finance/S151 (or in Scotland S95) function, but rather a wider corporate issue that is the responsibility of the senior management team and elected members. It is also an issue that reflects a wide spectrum of ideas and ideology, which cannot be properly reflected in an accounting code (this is not an accounting code). An example cited was that the Prudential Code does not incorporate education or social care issues, just the impact of those services and policy-led capital decisions on the overall finances of the authority. The Prudential Code is an objective and professional code that should be removed from any political or subjective considerations.

CIPFA response:

CIPFA believes sustainability is an important issue and will provide additional direction to support sustainable behaviour in the guidance without prescription.

Question 6: Do you consider the current objectives of the Prudential Code to be relevant? Please provide a reason for your response.

Response	Number of responses
Agree	80
Disagree	5
Neutral	7

Overwhelmingly, respondents agree that the current Prudential Code objectives continue to be relevant, and that they currently provide an understandable set of indicators to enable decision makers and those charged with governance to ensure that borrowing is undertaken responsibly and the cost of borrowing remains affordable.

CIPFA response:

The sector continues to view the Prudential Code as relevant, professional and an objective framework designed to ensure capital plans are prudent.

Question 7: Do you consider that the provisions in the Prudential Code achieve these current objectives? If not, why not? Please provide reasons for your response.

Response	Number of responses
Agree	60
Disagree	8
Neutral	22

Respondents were asked to provide views on whether they believe the provisions in the Prudential Code achieve their objectives. Most respondents agree that they do, and this is a substantial improvement on the older, more restrictive system.

The application of the Prudential Code appears to work in practice as a decision-making aid, while ensuring the safety of public funds. Clearly, there have been differing opinions on the precise meaning of elements of the Prudential Code, but this is an interpretation issue rather than a fundamental issue with its concept.

CIPFA response:

CIPFA recognises that elements of the Prudential Code may require further definition and clarification, and the secretariat would welcome views on how the objectives might be updated.

Question 8a: Do you consider there are any areas that are not fully covered by these objectives? If yes, please expand, describing how these areas could be covered within the objectives.

Response	Number of responses
Yes	41
No	49

Respondents have provided suggestions on a small number of areas of the Prudential Code that have not been fully covered within the current objectives. Suggestions included:

- Development of the Prudential Code to include formal monitoring of balance sheet resources: this would help members and officers to understand the resources underpinning treasury management investment balances and/or being used to maintain an under/internal borrowing position.
- An objective to state that capital expenditure should align to the council's corporate objectives: this will then make it hard for councils to borrow and spend on assets outside of their local area.

CIPFA response:

CIPFA will review these proposals and consider how the Prudential Code might be updated. The secretariat would seek the views of the panel on how this might be undertaken.

Question 8b: Do you agree with the proposals to include the status of the Prudential Code within the body of the code itself? If not, why not? What alternatives would you suggest?

Response	Number of responses
Agree	84
Disagree	5
Neutral	2

Respondents were asked for their views on the proposals to include the status of the Prudential Code within the body of the code itself. Respondents substantially agree it is sensible to include the status of the Prudential Code within the body, as with the Treasury Management Code.

CIPFA response:

CIPFA will implement the proposal.

Question 9: Do you agree with the proposals to include additional commentary on the assessment of affordability and the details of risks of undertaking commercial activity within the commercial activities section on determining the capital strategy? If not, why not? What alternatives would you suggest?

Response	Number of responses
Agree	50
Disagree	20
Neutral	25

Respondents were asked about the proposals to include additional commentary on the assessment of affordability and the details of risks of undertaking commercial activity within the commercial activities section on determining the capital strategy. Most respondents agreed the clear identification of risk to members is important and how future events could affect the affordability.

CIPFA response:

As covered in previous responses, CIPFA will provide clarification on the definitions of investments primarily for yield and those related to regeneration activities within the final Prudential Code and guidance.

Question 10: Please provide any suggestions that you might have for how the prudential indicators could be improved (as outlined above) in order that they might provide additional assurance for public accountability. Please explain your reasoning.

Total responses: 80.

The consultation invited suggestions for how the prudential indicators could be improved in order that they might provide additional assurance for public accountability. The main themes of the suggestions are as follows:

- There could be a requirement for indicators to be reported quarterly. It is neither appropriate nor sufficient for indicators to be reported once a year within the treasury management outturn report.
- The benchmarking of debt against similar classes of authority would be a useful indicator for elected members.
- Respondents are of the view that it is important the indicators are understandable, and if the number of indicators are increased or become more complex, there is less chance of this being the case.

CIPFA response:

CIPFA will consider these responses and would welcome any further comments from the panel on the proposals and how the Prudential Code and its guidance might be updated.

Question 11: Do you agree with the addition of the new indicator for external debt to net revenue stream to assess proportionality?

Response	Number of responses
Agree	23
Disagree	55
Neutral	8

Respondents were invited to comment on the proposal of the addition of the new indicator for external debt to net revenue stream to assess proportionality.

Overall, respondents did not agree with the proposal to add a new external debt indicator. They were of the view that this can be a misleading indicator. Respondents suggested that CFR to net revenue would be far more meaningful.

The respondents who did agree with this proposal were of the view that this indicator should help a local authority to better understand how the relationship of debt to resources is used to support service expenditure. They also agreed that it adds to the overall knowledge about financial sustainability.

CIPFA response:

CIPFA will not implement this proposal, but it will recommend in guidance that local authorities consider introducing this or similar indicators as local indicators. The panel's views are sought on this issue.

Question 12: Do you agree with the addition of the new indicators for net income from commercial and service investments to net revenue stream to assess proportionality?

Response	Number of responses
Agree	38
Disagree	32
Neutral	27

Respondents were invited to comment on the addition of the new indicators for net income from commercial and service investments to net revenue stream to assess proportionality.

Respondents agreed that this proposed indicator provides a contextual assessment of the proportionality of income from commercial and service investments. However, they requested that CIPFA provide additional guidance and commentary on how this indicator should be interpreted.

Respondents commented that a high ratio of commercial and service investment income as a proportion of the net revenue stream might suggest an indicatively greater exposure to risk in an increase stream. An annual fluctuation in this indicator may prove difficult to interpret, as it could indicate a declining exposure to risk or that a risk has emerged where loss of income has occurred against a recent commercial or service investment.

Respondents also suggested it might be worth considering complementing this associated measure with an indicator of gross income from commercial and service investment as a proportion of the associated capital financing costs linked to the borrowing to fund that investment.

Some responses commented that any indicator that looks at proportionality on an annual basis is likely to omit this critical element in supporting decision making, and therefore respondents proposed that the indicator should include a backward-looking element to show the variability of commercial and service investment income over time. For example, if the income compared to net revenue stream was relatively high but historical analysis showed that the income was robust, this would give some comfort to members and the public about the risks associated with that income.

CIPFA response:

CIPFA is of the view that it will implement the new indicator, with the addition of comparing this to levels of reserves to provide context on the financial sustainability of the local authority.

Further to this, the indicator should be providing a narrative on the security of the commercial income as suggested to review its assessment of the levels of risk attributed to the commercial revenue.

Question 13: Do you agree with the introduction of the liability benchmark as an affordability indicator?

Response	Number of responses
Agree or suggested amendments	46
Disagree	45

Total responses: 91.

Question 14: Do you consider that the liability benchmark should be included in the Prudential Code or the Treasury Management Code?

Response	Number of responses
Prudential	18
Treasury	28
No preference or neither	55

Respondents were invited to consider the implementation of the liability benchmark as an indicator. They raised concerns that the liability benchmark as presented is a complicated analysis that members would likely have trouble understanding. Further, the requirement to calculate many years beyond the planned capital programme means that the long-term forecast would be unreliable to use as a tool for decision making and the results could be misleading.

Respondents believe an indicator of this nature would be useful but would prefer the ability to tailor it to allow for assumptions that would better fit their own situation and long-term capital plans.

CIPFA response to questions 13 and 14:

The liability benchmark is an essential risk management tool. The optimum position is for total borrowing to be on the liability benchmark line. Borrowing above that level will be reflected in increased investment balances and introduce the cost of carry and additional credit risk implications, although this may be needed to anticipate interest rate movements and secure affordable borrowing.

CIPFA will implement the liability benchmark as a treasury indicator and will provide substantial guidance on the use and creation of a liability benchmark to enable local authorities and other organisations to use this effectively.

Question 15: Do you agree with the removal of the prudential indicator gross debt and the CFR on the basis that it is included as part of the liability benchmark, which is to be introduced as a prudential indicator?

Response	Number of responses
Agree	19
Disagree	73
Neutral	6

Respondents were invited to comment on the removal of the prudential indicator gross debt and the CFR on the basis that it is included as part of the liability benchmark, which is to be introduced as a prudential indicator.

Overwhelmingly, respondents do not agree with the removal, on the basis that the liability benchmark should not be viewed as a replacement for the gross debt to CFR indicator and would not substitute the control offered by this indicator.

CIPFA response:

CIPFA will not remove the prudential indicator gross debt and CFR.

CIPFA – 2021 Prudential and TM Code consultation outcome - summary for clients

Timelines – CIPFA plan to publish in December 2021 and authorities should apply ‘principles’ from publication but full adoption from 1 April 2022

Prudential Code	
Proposed change	Outcome of the consultation
‘Paragraph 45’ <u>new sentences clarifying borrowing in advance of need.</u> ‘Authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed’. ‘Therefore, local authorities must not borrow to fund solely yield-generating investments’.	‘Paragraph 45’ will be updated and revised to include the proposals for strengthening the Prudential Code in the consultation.
	CIPFA will continue with the proposed clarifications that are intended to protect the public purse and avoid misinterpretation of the Prudential Code’s provisions.
CIPFA requested respondents to comment on the proposal to add proportionality to the objectives within the Prudential Code, especially regarding commercial investments.	CIPFA will include proportionality as an objective in the Prudential Code, and that further provisions are included so that an authority incorporates an assessment of risk to levels of resources.
	On the matter of clarification with regard to the position of commercial proportionality, CIPFA is of the view that while local authorities should not be investing in assets primarily for commercial yield, it is recognised, for example, that commercial activity is often a component of successful regeneration projects. We therefore propose that local authorities assess the proportionality of the commercial risk of all projects, including regeneration, to quantify the risk to their resources. As a simple example, if a local authority has reserves of £20m and carries commercial risk of £50m, this would be considered disproportionate
The introduction of an objective in relation to commercial investments	CIPFA will provide clarification and definitions to define commercial activity and investment. The amendments to the Prudential Code will be consistent with the proposals outlined for paragraph 45 – that the purchase of commercial property purely for profit cannot lead to an increase in CFR and is considered unacceptable – and provide clear guidance that an economic regeneration scheme that has clear policy

	objectives, part of which results in commercial income, is considered acceptable.
The proposal to add sustainability and ensure that the capital expenditure is consistent with a local authority's corporate objectives (such as diversity and innovation) to the objectives in the Prudential Code	CIPFA believes sustainability is an important issue and will provide additional direction to support sustainable behaviour in the guidance without prescription.
To consider the current objectives of the Prudential Code to be relevant	The sector continues to view the Prudential Code as relevant, professional and an objective framework designed to ensure capital plans are prudent
To consider that the provisions in the Prudential Code achieve these current objectives	CIPFA recognises that elements of the Prudential Code may require further definition and clarification, and the secretariat would welcome views on how the objectives might be updated.
To consider there are any areas that are not fully covered by these objectives	CIPFA will review these proposals and consider how the Prudential Code might be updated. The secretariat would seek the views of the panel on how this might be undertaken.
A proposal to include the status of the Prudential Code within the body of the code itself	CIPFA will implement the proposal.
A proposal to include additional commentary on the assessment of affordability and the details of risks of undertaking commercial activity within the commercial activities section on determining the capital strategy	As covered in previous responses, CIPFA will provide clarification on the definitions of investments primarily for yield and those related to regeneration activities within the final Prudential Code and guidance
Please provide any suggestions that you might have for how the prudential indicators could be improved (as outlined above) in order that they might provide additional assurance for public accountability	<p>The main themes of the suggestions are as follows:</p> <ul style="list-style-type: none"> • There could be a requirement for indicators to be reported quarterly. It is neither appropriate nor sufficient for indicators to be reported once a year within the treasury management outturn report. • The benchmarking of debt against similar classes of authority would be a useful indicator for elected members. • Respondents are of the view that it is important the indicators are understandable, and if the number of indicators are increased or become more complex, there is less chance of this being the case. <p>CIPFA will consider these responses and would welcome any further comments from the panel on the proposals and how the Prudential Code and its guidance might be updated.</p>

The addition of new indicators for net income from commercial and service investments to net revenue stream to assess proportionality	CIPFA is of the view that it will implement the new indicator, with the addition of comparing this to levels of reserves to provide context on the financial sustainability of the local authority. Further to this, the indicator should be providing a narrative on the security of the commercial income as suggested to review its assessment of the levels of risk attributed to the commercial revenue.
The introduction of the liability benchmark as an affordability indicator	CIPFA will implement – see below
Do you consider that the liability benchmark should be included in the Prudential Code or the Treasury Management Code	The liability benchmark is an essential risk management tool. The optimum position is for total borrowing to be on the liability benchmark line. Borrowing above that level will be reflected in increased investment balances and introduce the cost of carry and additional credit risk implications, although this may be needed to anticipate interest rate movements and secure affordable borrowing. CIPFA will implement the liability benchmark as a treasury indicator and will provide substantial guidance on the use and creation of a liability benchmark to enable local authorities and other organisations to use this effectively.
The removal of the prudential indicator - gross debt and the CFR on the basis that it is included as part of the liability benchmark, which is to be introduced as a prudential indicator	CIPFA will <u>not</u> remove the prudential indicator gross debt and CFR.
<u>Treasury Management Code</u>	
A proposal that organisations that have adopted the Treasury Management Code will have to explicitly document a formal and comprehensive knowledge and skills schedule to ensure the effective acquisition and retention of treasury management skills for those responsible for the management, delivery, governance, decision-making and compliance with legislative requirements	
The proposals for what should be included in a knowledge and skills schedule included - <ul style="list-style-type: none"> • Relevant legislation, guidance and other specifications (eg MIFID II, CIPFA Treasury Management Code of Practice, statutory investment guidance issued by government) that must be understood and complied with to ensure that staff or board/council members are able to fulfil their roles. 	

<ul style="list-style-type: none"> • The staff/role or board/council members to whom the policy applies. • The relevant competencies for each role. • How the training will be delivered, eg in house training, external courses (specifying the type course followed), the need for formal qualifications), this would include induction requirements. • How the regularly the training will need to be provided. • How the training will be recorded. • How the knowledge or skills will be monitored, including gaps in training or requisite knowledge will be determined. • How, where and when reports will be provided on the monitoring and review of the requirements of the knowledge and skills schedule. 	
<p>Monitoring and review of knowledge and skills.</p> <p>Organisations should consider how to assess whether treasury management staff and board/council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date. As a minimum, CIPFA proposes authorities should carry out the following to monitor and review knowledge and skills:</p> <ul style="list-style-type: none"> • Record attendance at training and ensure action is taken where poor attendance is identified. • Prepare tailored learning plans for treasury management officers and board/council members. • Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation). • Regular communications with officers and board/council members encouraging them to highlight training needs on an ongoing basis. 	
<p>As a part of ensuring that treasury management staff and board/council members have the requisite knowledge and skills, it will be important that the organisation specifies the competencies for each role. At a minimum the organisation should specify the competencies for the roles listed below:</p> <ul style="list-style-type: none"> • the treasury manager 	

<ul style="list-style-type: none"> • the responsible officer • chief finance officers (in local authorities, section 151/section 95 officers) • board/council members. 	
Guidance to the Treasury Management Code should include specifications on key competencies for treasury management roles	As indicated in the consultation papers it is essential that the treasury management function is supported by appropriate training for local authority members and staff. CIPFA will therefore proceed with the implementation of the Treasury Management Knowledge and Skills framework. CIPFA will add a level of 'scalability' or maturity to ensure flexibility for small to large organisations of various complexity and resources. CIPFA recognises that certain roles will be fulfilled as part of a job at smaller organisations. However, the purpose of the schedule is to not only recognise the professional role that treasury managers play within an organisation and their importance but also to highlight the need for resources and training where appropriate for organisations. CIPFA will also provide a template for organisations to produce a 'learning needs analysis' to support the implementation of new requirements and processes under the expanded guidance
The addition of a new TMP to address environmental, social and governance (ESG) risks	CIPFA recognises the arguments put forward by the respondents and will not at this juncture include a separate TMP for ESG. However, They will incorporate ESG issues as a consideration within TMP1 (risk management)
More complex treasury management functions (ie a professional client under MiFID II legislation) means that local authorities would benefit from the support of a dedicated committee to review decisions and strategies and that CIPFA should recommend this in its guidance provided to local authorities	CIPFA recognises the consistent theme within the responses disagreeing with the proposals. It would clarify that the proposal was intended to form part of the guidance as a recommendation to examine the benefits of a separate committee, not to prescribe a specific governance structure. However, it will revisit the proposals to make sure that they take on board the views of respondents while ensuring that appropriate resource is dedicated to the review and scrutiny of treasury management decisions.
The removal of the maturity structure of borrowing treasury management indicators on the introduction of the liability benchmark indicator	CIPFA will not remove the maturity structure indicator. However, if the organisation is publishing a liability benchmark then it will consider approaches to make this indicator optional.

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Item 5

Report of the Head of Internal Audit, Anti-Fraud and Assurance

AUDIT AND GOVERNANCE COMMITTEE – 28TH JULY 2021

ANNUAL GOVERNANCE STATEMENT (DRAFT) 2020/21

1. Purpose of the report

- 1.1 This brief covering report presents the Authority's Draft Annual Governance Statement (AGS) 2020/21

2. Recommendations

- 2.1 It is recommended that the Committee is invited to consider and comment on the draft AGS which reflects the governance arrangements in place and the actions arising from the annual governance review process.
- 2.2 Subject to the Committee's comments the final AGS will be presented to the Committee at the 15th September 2021 meeting, and thereafter to full Council for approval.
- 2.3 The Committee will receive updates on the progress of the actions identified in the AGS action plan at future meetings.

3. Background

- 3.1 The production of an AGS is a statutory requirement as defined in the Accounts and Audit Regulation 2015. These regulations do not provide any guidance as to the contents or format of the document. CIPFA provides guidance but this is not mandatory.
- 3.2 The AGS is by definition a public document and should 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 required.
- 3.3 The draft AGS 2020/21 has been prepared following an annual governance review process previously outlined to the Committee.
- 3.4 It is important that the AGS is not seen as an "end of year" process, and that there is constant focus on the actions throughout the year.
- 3.5 The draft AGS is appended to this report.

Contact Officer: Corporate Governance and Assurance Manager

Email: Alisonsalt@barnsley.gov.uk

Date: 15 July 2021

Barnsley Metropolitan Borough Council

Annual Governance Statement 2020/21



ANNUAL GOVERNANCE STATEMENT 2020/21

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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 2021 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.

Throughout the period covered by this statement the coronavirus pandemic continued to have 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 identified 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 2019/20

The 2019/20 Annual Governance Statement identified 12 key areas for action. Most actions have been completed however a small number have been carried forward for completion in 2021/22, these are identified in Appendix 1.

During 2020/21 the Audit and Governance Committee received regular updates on progress against the Action Plan and the Committee accepted that the outstanding actions in Appendix 1 would be carried forward to the Action Plan for 2021/22.

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, demonstrating strong commitment to ethical values, and respecting the rule of law
- Principle B - Ensuring openness and comprehensive stakeholder engagement
- Principle C - Defining outcomes in terms of sustainable economic, social and environmental benefits
- Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes
- Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle F - Managing risks and performance through robust internal control and strong public financial management
- Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

5. The Purpose of the Annual Governance Statement

The Annual Governance Statement considers the effectiveness of our governance arrangements throughout 2020/21. 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 however, 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 2020/21, 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. The Council's approach to risk management was fundamentally reviewed with a new strategic risk register being created 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 2020/21
- The Strategic Risk Register which sets the culture and tone for the management of threats, concerns and assurances across the Council.
- The 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 Data Protection Officer (DPO)
- 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
- The report of the council's External Auditor
- Recommendations from external review agencies and inspectorates

Specific governance assurance statements 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 another challenging year for the council and country, I continue to be 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 excellent progress in developing with partners a place-based vision for Barnsley in 2030 which has helped us to develop our Corporate Plan.

The new Strategic Risk register has provided a more focused and strategic approach, which alongside a revised governance assurance framework to be introduced during this year, will further support our focus on maintaining efficient and effective corporate governance.

The impact of the pandemic has prompted us to re-think and closely examine how we all work to maintain the high standards of service the council aims to achieve. In particular, the experience of the last 15 months has prompted consideration to what our future working arrangements will be, and the subsequent launch of our Smart Working Programme, and in turn, how this supports the maintenance of effective governance.

I support the areas for improvement presented in this Annual Governance Statement and look forward to another successful but inevitably challenging year ahead.

b) Section 151 Officer [TO BE INSERTED]

To be updated to reflect feedback from the ongoing external audit later in the summer.

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.

No one could have predicted the demands placed on the Council's decision-making processes and the length of time virtual meeting arrangements would be in place. The need to maintain absolute transparency and confidence in our governance arrangements were critical to maintaining public support and confidence. The business of Council has continued despite these challenges and it is pleasing to note that members of the public have embraced greater access to our meetings through this technology and have viewed proceedings in greater numbers than was ever the case previously.

The areas of improvement set out in this Annual Governance Statement are noted and elected Members and Officers of the Council will work together to ensure we build on the progress made to date. I would like to take the opportunity to thank members of our Audit and Governance Committee for the manner in which they have carried out their role in such demanding circumstances and continued to provide the rigour expected when seeking assurances on how the Council conducts its systems and processes.

7. Internal Audit and the Opinion on Internal Control, Risk and Governance 2020/21

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 interim annual report submitted to the Audit and Governance Committee at their meeting on 2nd June 2021:

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

The engagement of senior managers and services across the Authority has once again been excellent and reflects a positive culture to embrace internal audit and look to identify opportunities to improve the effectiveness and efficiency of

controls and governance. However, the challenges that Services face continue of course and to maintain positive assurance in the future that positive culture needs to continue also. The key issues arising from Internal Audit work in the year, in general terms, continue to relate to the significant pressures in most areas of the Council (particularly reacting to the impact of Covid 19), relentless demand and the drive for greater efficiency and changed ways of working. There is nothing new in these challenges and so the embedded awareness of control and governance issues should stand the Authority in good stead to manage the risks, concerns and issues that will inevitably occur.

The audit work undertaken, and planned for the current year, has sought to support management to embrace and meet these challenges. 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 (particularly in relation to the impact of Covid 19 and the government funding received to support the public and local businesses). 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.

It should be noted that the audit work completed has in the main identified weaknesses in the framework and application of controls that present risks to the meeting operational objectives. Any subsequent delay to then address any control weaknesses and agreed management actions clearly adds to this risk.”

Full details of the assurance provided in this statement can be found within the Internal Audit Annual Report for 2020/21, submitted to the Audit and Governance Committee on the 2nd June 2021. A final annual report will be submitted to the Audit and Governance Committee at its September meeting alongside the final Annual Governance Statement.

[link to add]

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 to support that independent assurance.

Recent assurance reviews and general oversight continue to present a positive picture. The change in focus of the Information Governance Board has provided a clearer focus on compliance and awareness. A major review of how the council responds to information requests under the Freedom of Information and Data Protection Acts has been effective in significantly improving compliance and meeting the necessary timescales for response. Significant work is also being undertaken around cyber and IT security, with regular phishing and password testing exercises to constantly ensure high levels of awareness and security. It was recognised again as part of the annual governance review process that there remains scope to further reduce the number of data incidents and improve the timeliness of management actions to minimise the risk of incidents recurring. Actions in that regard are in place and are monitored by the Information Governance Board and Audit and Governance Committee.

The DPO and Internal Audit will continue to 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 a narrative commentary on the Council's value for money arrangements. As well as having regular meetings with the Service Director – Finance and Chief Executive, Grant Thornton also 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 a separate narrative commentary on our value for money arrangements will be presented to the Audit and Governance Committee and to full Council. The reports will be available in due course.

10. External Inspection Reports

The Council is subject to various external inspections by 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 2020/21

During 2020/21 there were 21 contacts received from the LGSCO and 7 from the Housing Ombudsman Service (total 28 contacts). Currently 4 of these we are still pending a decision. In relation to the other 24 contacts the known outcomes of these cases are as follows:

- 5 faults with injustice
- 3 no fault and no injustice
- 5 discontinued investigations
- 10 referred back to the Council to pursue
- 1 outside the jurisdiction of the LGSCO

Concerns raised with the LGSCO are investigated by the Council's Customer Services Team and where the Council is found to be at fault actions are taken to address any issues highlighted.

b) Local Government and Social Care Ombudsman - Annual Review Letter 2021

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 2021.

The Council will receive the LGSCO Annual Review Letter on 21 July 2021 and it will be published on 28 July 2021. [Link to add]

c) Children's Services – Ofsted Inspections

During the period March 2020 – April 2021 the Ofsted inspection programme was heavily impacted by the coronavirus pandemic. On 17 March 2020 all routine inspections were suspended with a small number of interim visits were undertaken remotely. On 4 May 2021, Ofsted began to restart some onsite inspections under the Education Inspection Framework (EIF), and the full programmed of graded school inspections will resume in Autumn 2021.

There were 2 primary schools subject to the section 8 monitoring inspection process since April 2020; The Hill (March 2021) and St Helen's Primary Academy (October 2020 and February 2021) – both schools received the following judgement:

“Leaders and those responsible for governance are taking effective action to provide education in the current circumstances.”

Any actions identified in inspection reports are taken forward by the schools concerned. Details of all inspections can be found on the Ofsted website.

d) Ofsted Annual Parents Survey – 2021

Ofsted undertake an Annual Parents Survey to provide them with robust and timely evidence from parents to inform the development of their strategy and priorities. The 2021 survey undertaken in March was carried out online and included questions on COVID-19. The feedback from parents on the impact of the pandemic will be factors for Barnsley Council Children's Services to consider going forwards:

- The large majority of parents think that their child's school handled COVID-19 well (87%).
- Likewise, seven in ten (69%) report receiving guidance or training to help support remote learning. This is significantly higher among those who have children in primary school (74%) compared with secondary school (63%)
- Two thirds of parent's report being concerned about the impact of COVID-19 on their child's learning loss (67%). This is followed by concern over mental health (65%) and physical health (45%)

e) Troubled Families Programme

The national Troubled Families Programme supports local authorities and their partners to improve the effective targeting and co-ordination of early interventions for families with multiple and complex needs. The Government's annual report into its Troubled Families Programme 2020/21 considers at a national level the delivery of this programme against several key targets. Barnsley's Think Family Programme (the Council's delivery response to the national programme) delivered 100% of the national targets during 2020/21.

Barnsley Council commissioned an external evaluation of the local impact of the Think Family Programme focused on the arena of early help. The evaluation was undertaken by Qa Research between September 2020 and February 2021 and consisted of interviews with programme staff and 30 families. Feedback was overwhelmingly positive, particularly considering that the evaluation was undertaken during a challenging period for both families and staff. The evaluation recognised that the Early Help Services have responded and adapted well to the challenges of delivering the programme during the pandemic, identifying alternative and additional ways of communicating between the teams and will families and by adapting parenting courses to an online format.

The evaluation findings show that generally families have a very positive experience of receiving family support and that the principles of "Think Family" are embedded into the day-to-day practice of family support workers. There were no specific action areas for improvement from the evaluation, but a few suggestions around improving the promotion of the service to raise awareness which the service will take forward.

f) Care Quality Commission (CQC)

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

- BMBC 0-19 Services – these services have yet to be inspected – they were first registered in February 2017
- Community Enablement Services - these services were inspected in 2018 and received an overall rating of Good

The CQC suspended all routine inspections in March 2020 to reduce the pressures on the health and social care services and adapted their regulatory approach during the pandemic. In May 2020 the CQC established an Emergency Support Framework to respond to the changing needs of the health and social care system during the pandemic which focused on:

- Using and sharing information to target support to where it's most needed – informing the CQC's view of risks and enabling them to support the health and social care system
- Having open and honest conversations with providers, partners and stakeholders to support and resolve issues and keep people safe
- Taking action to keep people safe – this could mean carrying out an inspection or using other powers if necessary
- Capturing and sharing what they do and how they do it – helping organisations to learn

g) LGA Corporate Peer Challenge – Special Education Needs (SEND)

An LGA Corporate Peer Challenge, undertaken in early 2019, identified that one of the key areas of focus was to review SEND provision. Since that time, there has been intense work to review and develop the local area SEND system. A SEND Improvement Plan (owned and delivered by key partners and stakeholders) has resulted in much progress being made. This is overseen and governed by the SEND Oversight Board and sub-groups (SEND Sufficiency, Joint Planning and Impact Groups).

Progress over the last few years includes (but is not limited to):

- Through working in partnership - school's sufficiency of specialist places is enhanced so that the needs of children and people with SEND can more often be met within the borough and forecasting for the needs of the local area means that there is a stronger grip on what provision is required in future.
- The process to manage statutory responsibilities in relation to education, health and care plans for children and young people with SEND has been radically overhauled since 2018. A new streamlined process has been introduced with the purpose of ensuring we are fully compliant with the expectations of the SEND Code of Practice, 2015. We are now consistently out-performing national standards for compliance.
- Capacity within key teams to support system-wide improvement has been enhanced, through the creation of a SEND Improvement Advisor, secured through investment from schools through the sector-led Barnsley Schools Alliance and the Council.
- The SEND Youth Forum is an active group of young people who are leading and supporting improvements across the system. This has been supported through the creation of a dedicated young people's engagement worker, as part of the broader Targeted Youth Service (TYS) and allows children and young people with SEND to initiate, influence and co-produce key strategies.
- Creation of a SEND Participation Officer post has meant more consistency and wider reach for working in partnership with parents and carers. Whilst there is more to be done in this area, there is a clearer focus and commitment to engagement, participation and coproduction at all levels to improve the outcomes for children and young people with SEND.
- Review of commissioned services is underway to support the future needs and a joint commissioning strategy has been agreed (summer 2021) and will help to shape the direction over the next period.
- Creation of a Preparation for Adulthood (PfA) Strategy focuses on education, health and care outcomes being improved, enabling young people to become active participants in their local community. We need to further raise aspiration and increase opportunities for young people to articulate their ambitions, developing the skills that will support their progress into employment. The PfA Strategy is being driven by the newly formed PfA Steering Group, which consists of partners across education, health and care, spanning children's and adult's services.

As part of the evaluation of the Council's progress on SEND an Association of Directors of Children's Services (ADCS) Peer Challenge was completed in May 2021, which concluded that there is a clearer strategic direction as a result of the learning from the implementation of the established SEND Improvement Plan, and this builds on the work that has been done so far.

Further focus on early identification and intervention at the SEN support level so that early help, support and prevention is at the forefront of our approach is also a key priority.

Progress needs to be considered within the context of continuing pressure on the system due to growing demands since the reforms in 2014/15. This is reflective of the national position and needs to be viewed in parallel with limited resources, based on a national funding formula, which impacts on the system. This needs to be kept in mind as the pressure is likely to continue. However, in response to the peer challenge and our commitment to the children and young people of Barnsley, further actions have been added to the SEND Improvement Plan to focus on further improving a more cohesive and aspirational local area SEND system to ensure the best outcomes for children and young people with SEND.

SEND remains a key corporate priority for the Council.

h) Planning Regulatory Board

During 2020/21, the Council received 1,072 planning applications and determined 916 of these. 96% of these decisions were delegated to officers and the overall percentage of applications granted was 89% - this is comparable with the overall average for England. 39 appeals against decisions were determined by the Planning Inspectorate during 2020/21, 34 of which were dismissed by the Planning Inspector. Therefore, in almost 9 out of 10 appeal cases the Planning Inspectorate confirmed the Council's original decision.

i) Information Commissioner's Office (ICO)

During 2020/21 there were 8 cases referred to the Information Commissioners Office (1 data breach and 7 information requests). The 1 data breach did not result in any recommendations or actions taken against the Council by the ICO. Of the 7 information requests 3 related to freedom of information requests, 2 related to data protection requests and 2 related to environmental information requests. In relation to these 7 information requests 3 decisions were upheld, 1 was partially upheld and 3 involved a request for action to be taken by the Council.

Any areas where improvements in internal processes are identified arising from ICO feedback or recommendations are acted upon. These are overseen by the Information Governance Board and DPO.

j) Health and Safety Executive

During 2020/21 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 2020/21.

There have been reviews of “Covid 19 Secure” arrangements by the Health and Safety Executive, none of which resulted in formal or informal action. One review was following a complaint from an employee, 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.

k) British Safety Council - International Safety Award

Barnsley Council won the overall Sector Winner “Local Government, Defence and Public Services” in the British Safety Council International Safety Awards 2021 for protecting our employees from the risk of injury and ill health at work. The awards also recognise organisations that have shown commitment to wellbeing and mental health at work.

Winners were congratulated on their substantial efforts to protect and enhance the health, safety and wellbeing of everyone in their organisations. They have gone above and beyond in dedicating additional time, resources and commitment to ensuring their work, teams and workplaces remained healthy and safe during 2020 and a global pandemic.

The use of external inspections and challenge provides valuable independent information regarding how certain aspects of the Council are governed.

11. Governance Issues Identified from the Annual Governance Review – 2020/21

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 broader 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 again been very useful in maintaining the profile of good governance and committed to use their individual assessments as part of their management team meetings throughout the year.

The process sought to highlight areas of strength as well as areas where further improvement or development are needed.

Areas of Strength

- HR recruitment policies and HR policies generally – high levels of understanding and full compliance across Business Units
- Legislative Compliance – good understanding of how and when to access legal advice
- Business Continuity and Emergency Resilience Plans – all plans are up to date; staff awareness is good and the execution of plans effective
- Information Systems Management - robust processes in place and good compliance
- Decision Making - good compliance with decision making and reporting processes
- Procurement – procurements undertaken in line with the Councils Commercial Strategy and Contract Procedure Rules

Areas of continuing improvement (actions)

- Partnership, Relationship and Collaboration Governance – continue with the work to develop a defined governance framework and improved reporting arrangements

- Information Governance – continue to work to reduce the number of data breaches, general staff awareness of cyber risks and overall data security across the Council
- Risk Management – ensure full implementation and use of the revised risk management system
- Declaration of Interest – compliance with the completion of annual returns but overall process to be reviewed
- Equalities and Inclusion – scope to further improve equalities and inclusion awareness
- Personal Development Reviews – processes have improved, and compliance levels increased but scope to ensure consistent compliance in all BU's
- Performance Management and Data Quality – continue the development of KPI's and service standards in some BU's
- Fraud awareness – continue work to improve staff awareness and the assessment of fraud risks, develop specific training to promote better general awareness and of the Council policies on fraud and corruption

Efficiency / Effectiveness improvements

The sessions with BUs also aim to identify where there may be a need to review a corporate process. This may be regardless of any compliance issues, good or bad, but improves the engagement of BUs in the general drive to continuously strengthen our governance arrangements but ensuring they are efficient and as easy to comply with as possible. One area was highlighted:

- HR recruitment policies and HR policies generally – compliance is very good, however there may be opportunities to review certain processes to improve their efficiency and effectiveness.

The actions necessary to address the areas for continuing development and improvement have been captured in an action plan (Appendix 1) which will be monitored during the year by the Audit and Governance Committee.

12. Governance Action Plan for 2021/22

The Governance Action Plan consists of a combination of carry forward actions from the AGS Action Plan of 2019/20 and actions identified from the governance reviews of 2020/21 - areas for improvement (Appendix 1).

a. Partnership, Relationship and Collaboration Governance – CIPFA/SOLACE – Principle B - Ensuring openness and comprehensive stakeholder engagement

- Review the governance arrangements and reporting requirements for partnerships and collaborations
- Undertake a baseline review of partnership governance arrangements and reporting requirements
- Develop a defined governance framework with a corporate lead for partnerships and collaborations

b. Information Governance – CIPFA/SOLACE – Principle F – Managing risks and performance through robust internal control and strong public financial management

- Continue work to further reduce the number of data breaches, further raise employee awareness and improve overall data security.

c. Risk Management / Governance Assurance – CIPFA/SOLACE - Principle F - Managing risks and performance through robust internal control and strong public financial management

- Ensure the full implementation and use of the revised Risk Management System across the Council
- Monitor utilisation rates of the system and ensure there is a consistency of approach to the recording and management of risks
- Undertake a review of the risk management system with service users – identify any areas for further development and / or improvement to the system
- Development of the wider governance assurance process across the Council to integrate with the new risk management approach

- d. Declaration of Interests** – CIPFA/SOLACE – Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Review of the process to ensure the awareness of declarations made
- e. Equalities and Inclusion** – CIPFA/SOLACE – Principle B - Ensuring openness and comprehensive stakeholder engagement
- To further improve awareness of the equalities and inclusion agenda across the Council.
- f. Personal Development Reviews** – CIPFA/SOLACE – Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Continue to review compliance levels and quality of PDR's across the Council
- g. Performance Management and Data Quality** – CIPFA/SOLACE – Principle F – Managing risks and performance through robust internal control and strong public 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
- h. Fraud** – CIPFA/SOLACE – Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Continue work to improve staff awareness and the assessment of fraud risks, develop specific training to promote better general awareness and of the Council policies on fraud and corruption

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.

13. Strategic Risk Register

A robust and dynamic Strategic Risk Register sets the culture and tone for the management of threats, concerns and the assurances required across the Council. The engagement of the Senior Management Team (SMT) in the risk management process through their ownership and review of strategic risks demonstrates a strong commitment to lead and champion risk management “from the top”, and further reinforces the continuing development of a risk management culture across the Council.

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

- Health protection emergency – e.g. Covid 19 Pandemic – ensuring robust well understood arrangements are in place to deal with any health protection emergency
- Glassworks – ensure robust governance of the project
- Serious downturn in the local economy – maintain a focus on the significant impact on the local economy of Covid 19, potential for continuing downturn in the retail and visitor economy sector
- Educational outcomes progress – continue to monitor with particular focus on improving outcomes for vulnerable groups and boys
- Potential death of a child/safeguarding failure in children’s services – maintain a focus to ensure all reasonable measures are in place and are effective
- SEND – new controls in place and an Oversight Board established, continue to monitor delivery, cost effectiveness and satisfaction rates
- Financial sustainability - continual reappraisal to reflect the impact of the pandemic and other influences.

- Organisation resilience - keeping under review the Council's arrangements for emergency and external situations have robust Business Continuity Plans
- Consistency of decision-making process – need for clear, robust, flexible, transparent and consistently applied decision making arrangements
- Partnership and collaboration governance – need to have robust, well governed but flexible and responsive arrangements for partnership working
- Potential for a safeguarding failure in Adult Social Care – maintain a focus to ensure all reasonable measures are in place and are effective
- External market provision in Adult Social Care – monitor the capacity and sustainability of the external market, consider the impact of Covid 19 on the market
- Community cohesion – key area of focus to build and support a tolerant and inclusive community across the Borough

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

In order to provide assurances that the Strategic Risk Register is being appropriately managed, the Audit and Governance Committee receive regular updates including presentations on the strategic areas from the relevant Executive Director. Cabinet also receive six-monthly updates.

14. Impact of Coronavirus

From March 2020 there has been a significant impact on Council services because 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 key statutory and 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 the Overview and Scrutiny Committee 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 Overview and Scrutiny Committee also undertook a Task and Finish Group investigation into the Covid 19 response, recovery, and renewal. The Task and Finish Group undertook a number of "check and challenge" sessions with officers regarding their work, their

involvement and partnership working with other agencies as well as consideration of the impact of this on Barnsley residents. Several recommendations were set out and progress was tracked by the Silver Tactical Co-ordination Group. Of the 21 recommendations made 19 were complete, 1 pending completion and 1 remains open.

During August 2020, the Council took part in an LGA Recovery and Renewal Panel session which provided an opportunity for the Leader, Chief Executive, and senior individuals to come together virtually with peers from other Councils to:

- Reflect on what the Council has achieved and learnt in responding to the Covid 19 pandemic
- Discuss with peers the challenges and opportunities Covid 19 has presented for the Council and the local area
- Consider the steps to be taken towards recovery and renewal

The session on 20th August 2020 noted that over recent months the Council had worked hard to support local communities and businesses through the pandemic which had involved often going “above and beyond” what might be expected of a council in normal times. The Council’s response to the pandemic was thoughtful, strategic and long term, which is consistent with the Council being a people focused organisation. There has been a clear demonstration of adaptive leadership and it is heartening to see how the Council has pulled together. There was recognition that sound financial planning has enabled the council’s own resources to be used to support businesses and the economy ahead of central government allocations; and balanced budgets were agreed for 2020/21 and the following year.

Examples of the Council’s proactive response to the pandemic specifically mentioned in the report included:

- Demonstration of clear and determined leadership – the Council’s determination to support local businesses was exemplified by the early payment of business support grants and proactive advice provision through Enterprising Barnsley. It was further demonstrated by the provision of early and comprehensive support to care homes. The Council can take credit for seizing the initiative in advance of government guidelines to respond to local needs.
- Effective partnership working – Barnsley chair the South Yorkshire Local Resilience Forum, Sub Regional Health and Social Care Gold and the South Yorkshire Transport Executive Board. The Council’s focus on identifying and supporting vulnerable communities was underpinned by its pre-existing neighbourhood working structure and the effective involvement of Area

Teams as well as work with Barnsley CVS. Strong partnership working with schools ensured that they were opened on time in line with central government timeframes, whilst focusing on managing vulnerability risks and addressing educational disadvantage by the provision of laptops to support those without equipment in their homes. The Council also worked closely with partners over data sharing which reduced bureaucracy, allowing the Council to move quickly to identify vulnerability within the local population.

- One Council organisational response - Smart working plans were accelerated at pace allowing for a speedy shift to homeworking. There was rapid movement to virtual full council, cabinet and other meetings such as regulatory, audit and governance, scrutiny, and area councils. Staff were redeployed to support vulnerable members of the community and to maintain key services. This was underpinned by a clear focus on wider staff health and wellbeing being monitored through surveys and regular Microsoft Teams events.

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 several 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 must 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 daily 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 absences. As has been seen nationally, absence due to mental health has continued to increase throughout the pandemic and so we have put several new interventions in place supported through intelligence gathered through pulse surveys. 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. When lockdown was first announced on 23rd March 2020, the Council was able to re-establish its full governance arrangements within a matter of two and a half weeks. Emergency Covid legislation provided for meetings to be held remotely (virtually) and whilst in some cases this necessitated reducing numbers on both the Planning Regulatory Board and the Overview and Scrutiny Committee, the executive arrangements in place allowed for key decisions to continue to be made.

Advances in the virtual technology meant that quickly we were able to re-establish the full membership on each of the bodies referenced above.

Council finished on 27th February 2020 and then recommenced on 30th July – we missed 4 meetings including the annual Council meeting which was put back to October 2020. Provision for Councils not to host Annual General Meetings during the first period of lockdown was made explicit within the Coronavirus legislation enacted.

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.

15.A Forward Look

Although an annual governance statement is intended to provide a reflection of the financial year just gone, it is also important to highlight and acknowledge that where the Council has challenges, or is implementing major changes, assurance can be provided that due regard is given to maintaining effective governance.

In particular, the impact of the pandemic forced an immediate move to more agile working for many employees. Having considered that experience, we've considered what our future working arrangements will be and have launched our *Smart Working Programme*. Throughout this programme we're looking at how we need to change relevant policies, procedures and guidance to support the delivery of services and therefore maintain effective governance. This programme will be implemented fully over the next 6 to 12 months.

The Council continues to work with other organisations in many different ways. The need to ensure all such relationships, whether they are formal contracts, collaborations or partnerships are effectively governed is acknowledged in this AGS and action plan. This is particularly pertinent in relation to the implementation of the new integrated care system, across the local NHS organisations and Council. Work is well underway with the other stakeholders to meet the challenging April 2022 timescale set by the Government.

Again, as has been mentioned above, a new integrated governance assurance framework is being developed that will aim to ensure the Council's governance responsibilities are understood and met in as an efficient and effective way possible. This framework will be applicable across all areas of the Council.

16. 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 in place during 2020/21 and into 2021/22.

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.

Appendix 1 – Annual Governance Statement Action Plan 2021/22

AGS	Headline Action	Timescales
c/f/ 2019/20	Managing Staff Absences <ul style="list-style-type: none"> Review to be undertaken 12 months after launch August 2021 	August 2021
c/f/ 2019/20	Safeguarding <ul style="list-style-type: none"> All planned actions awaiting appointment of Principal Social Worker who will review this as a priority when in post July 2021 	July 2021 onwards
c/f 2019/20 2020/21	Partnership, Relationship and Collaboration Governance <ul style="list-style-type: none"> Review the governance arrangements and reporting requirements for partnerships and collaborations Undertake a baseline review of partnership and reporting requirements Develop a defined governance framework with a corporate lead for partnerships and collaborations 	Review Q1/Q2 End 2021
c/f 2019/20 2020/21	Information Governance <ul style="list-style-type: none"> Developing a phishing dashboard with BI – planned work continuing Training plan for 2021 – progressing – commenced September 2020 POD Success Factors – learning and development Review of options of memory sticks Continue work to further reduce the number of data breaches, further raise employee awareness and improve overall data security 	Throughout 2021 December 2021 February 2022 On hold due to Covid 19 Throughout 2021
c/f 2019/20 2020/21	Risk Management and Governance Assurance <ul style="list-style-type: none"> Development of training material for inclusion on the POD system Ensure the full implementation and use of the revised Risk Management System across the Council Monitor utilisation rates of the system and ensure there is a consistency of approach to the recording and management of risks 	Throughout 2021/22 October 2021 Throughout 2021/22

AGS	Headline Action	Timescales
	<ul style="list-style-type: none"> Undertake a review of the risk management system with service users – identify any areas for further development and/or improvement to the system Development of the wider governance assurance process across the Council to integrate with the new risk management approach 	November 2021 April 2022
c/f 2019/20	Declaration of Interests <ul style="list-style-type: none"> Improve compliance with completion of annual forms (Declaration of Interests) and their subsequent availability and use – to be incorporate into and Internal Audit review 	December 2021
c/f 2019/20	Equalities and Inclusion <ul style="list-style-type: none"> Undertake research with other LA's – in progress but delayed due to long term staff absence 	December 2021
2020/21	<ul style="list-style-type: none"> To further improve awareness of the equalities and inclusion agenda across the Council 	March 2022
c/f 2019/20	Personal Development Reviews <ul style="list-style-type: none"> Success Factors (performance and goals) to be implemented 	February 2022
2020/21	<ul style="list-style-type: none"> Continue to review compliance levels and quality of PDR's across the Council 	Throughout 2021/22
c/f 2019/20	Performance Management and Data Quality <ul style="list-style-type: none"> Further develop KPI's and service standards in some BU's – work continuing 	Part of continuous process of development of KPI's and service standards across Council
2020/21	<ul style="list-style-type: none"> Ensure Business Units use Power BI tools/reports as a routine part of business management 	
2020/21	Fraud <ul style="list-style-type: none"> Continue work to improve staff awareness and the assessment of fraud risks Develop specific training to promote better general awareness 	Throughout 2021/22 December 2021

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Item 6

Report of the Head of Internal Audit, Anti-Fraud and Assurance

AUDIT COMMITTEE – 28th JULY 2021

INTERNAL AUDIT PROGRESS REPORT 2021/22

1 Purpose of this report

- 1.1 The purpose of this report is to provide a summary of the Internal Audit activity completed, and the key issues arising from it, for the period from 1st April 2021 to 11th July 2021.

2 Background information

- 2.1 The Audit Committee has responsibility for reviewing the adequacy of the Council's corporate governance arrangements, including matters such as internal control and risk management. The reports issued by internal Audit are a key source of assurance providing the Committee with some evidence that the internal control environment is operating as intended.
- 2.2 At the end of the financial year, Internal Audit will produce an Annual Internal Audit Report, which will provide our overall opinion on the adequacy of the Council's control environment and compliance with it during the year.

3 Recommendations

- 3.1 **It is recommended that the Audit Committee considers the assurances it needs on the effectiveness of the Authority's internal control, risk and governance arrangements through the work of Internal Audit by:-**
- i. **considering the issues arising from completed Internal Audit work in the period along with the responses received from management;**
 - ii. **noting the assurance opinion on the adequacy and effectiveness of the Authority's internal control framework based on the work of Internal Audit in the period;**
 - iii. **noting the progress against the Internal Audit plan for 2021/22 for the period.**

4 Local Area Implications

- 4.1 There are no Local Area Implications arising from this report.

5 Consultations

- 5.1 All audit reports are discussed and agreed with the Audit Sponsor and Designated Operational Lead. Individual audit reports are provided to the appropriate Executive Director and/or Service Director to apprise him/her of key issues raised and remedial actions agreed.

- 5.2 No specific consultation has been necessary in the preparation of this quarterly report.

6 Compatibility with European Convention on Human Rights

- 6.1 In the conduct of audit work and investigations particularly, Internal Audit operates under the provisions of the Data Protection Act 2018, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

7 Reduction of Crime and Disorder

- 7.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. The control issues arising from audit investigations have been considered to ensure improvements in overall controls are made. Additionally, Internal Audit ensures that in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

8 Risk Management Considerations

- 8.1 The underlying purpose of the work of Internal Audit is to address and advise on key risks facing management and, as such, risk issues are inherent in the body of the report.
- 8.2 The Service's operational risk register includes the following risks which are relevant to this report:
- Ensuring the appropriate use of and management of, information to inform and direct internal audit activities;
 - Able to provide a flexible, high performing and innovative service; and
 - Ensuring continuously high levels of customer satisfaction.
- 8.3 All of these risks have been assessed and remain within the tolerance of the Service.
- 8.4 An essential element of the control (and on-going) management of these risks is the provision of update reports to the Audit Committee and the assurance this provides.

9 Employee Implications

- 9.1 There are no employee implications arising from this report.

10 Financial Implications

- 10.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function are included within the Authority's base budget.

11 Appendices

Appendix 1 - Key To Internal Audit Assurance Gradings & Classification of Management Actions.

12 Background Papers

12.1 Various Internal and External Audit reports, files and working papers.

Officer Contact: Head of Internal Audit, Anti-Fraud and Assurance

Telephone No: 01226 773241

Date: 20th July 2021

Barnsley Metropolitan Borough Council

Internal Audit Progress Report

Audit Committee

28th July 2021

INTERNAL AUDIT PROGRESS REPORT 2020/21

1st April to 11th July 2021

Purpose of this report

This report has been prepared to inform the Committee on the Internal Audit activity for the period 1st April to 11th July 2021, bringing attention to matters that are relevant to the responsibilities of the Authority's Audit Committee.

The report also provides information regarding the performance of the Internal Audit function during the period.

2021/22 Internal Audit Plan Progress

The following tables show the progress of the internal audit plan delivery, analysed by the number of plan assignments producing a report and audit days delivered by Directorate / Service.

Position as at 11th July 2021 – Audit Days Delivered

Directorate	Original 2021/22 Plan days	Revised 2021/22 Plan days	Actual days (% of revised days)
Adults & Communities	59	59	24 (41%)
Childrens Services	85	85	22 (26%)
Core Services	317	317	193 (61%)
Corporate	177	177	76 (43%)
Council Wide	255	255	32 (13%)
Place	171	171	29 (17%)
Public Health	27	27	0
General Contingency	3	3	0
Barnsley MBC	1,094	1,094	376 (34%)
Corporate Anti-Fraud Team	409	409	121 (30%)
Barnsley MBC Internal Audit Total	1,503	1,503	497 (33%)

Corporate Governance & Assurance	183	183	51 (28%)
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HolA role as DPO	27	27	12 (44%)
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External Clients	959	959	148 (15%)
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Total Chargeable Planned Days	2,672	2,672	708 (27%)
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Position as at 11th July 2021 – Plan Assignments

Directorate	2021/22 plan assignments	Assignments expected to be completed to date	Actual assignments completed
Adults & Communities	6	2	1
Childrens Services	6	3	3
Core Services	20*	10	7
Council Wide (Cross Cutting)	7	0	0
Place	7	2	0
Public Health	1	0	0
Total	47	17	11**

NB – excludes advisory, grants etc where no report required.

* Core financial systems coverage to be determined in year and each review will require a report.

** Four reports at draft report stage, awaiting management feedback and agreement to finalise.

Changes to the 2021/22 Internal Audit Plan

There have been three changes to the Internal Audit plan during this period.

- The Service Director, Adult Social Care & Health has requested a check and challenge approach for 2 of their internal reviews that are currently being undertaken (Carers and Transition from Childrens to Adult Social Care);
- The Service Director, Finance has requested a specific review of the Accounts Payable system.

Final Internal Audit reports issued

We have finalised 8 audit reports in the period. The following table provides a summary of assurances, where applicable, and the number and categorisation of agreed management actions included in these reports:

Directorate- Audit Assignment	Assurance Opinion	Number of Management Actions Agreed:			Total	Agreed
		High	Medium	Low		
A&C - Assisted Living Service, Shared Lives and Brokerage (Advisory)	N/A	N/A	N/A	N/A	N/A	N/A
Childrens – Youth Justice Service	Limited	2	8	1	11	11
Childrens – SEND Improvement Governance (Advisory)	N/A	N/A	N/A	N/A	N/A	N/A

Directorate- Audit Assignment	Assurance Opinion	Number of Management Actions Agreed:			Total	Agreed
		High	Medium	Low		
Childrens – Barugh Green School	Reasonable	0	4	3	7	7
Core – DPO Assurance – Cyber Strategy	Reasonable	1	2	2	5	5
Core – Covid19 – Income Compensation Returns (claim 2)	Reasonable	0	1	0	1	1
Core – Covid19 - Moratorium Follow Up - SAP	Limited	0	1	0	1	1
Core – Covid19 - Moratorium Follow Up – Procurement Cards	Reasonable	0	1	0	1	1
Core – Financial System – Treasury Management	Reasonable	0	0	2	2	2
Core – Financial System - Income	Reasonable	0	1	1	2	2
Core – Data Management Policy Compliance	Reasonable	0	2	2	4	4
Total		3	20	11	34	34

Please note that final audit reports are available to Audit Committee members on request.

Internal Audit reports providing a limited or no assurance opinion

There were 2 audit reports issued during the period that had a limited assurance opinion. Management have proactively taken action to address the findings of these reviews on a timely basis. The reviews are:-

- Youth Justice Service

The review was undertaken at the request of the Head of Early Start, Prevention & Sufficiency following concerns around a small number of known instances of non-compliance with Contract Procurement Rules and Financial Regulations by the Service when procuring goods, services and works. The review has confirmed that the Service is

compliant with the Council's Contract Procurement Rules and Financial Regulations when raising purchase orders, receipting goods / services, processing invoices and making payments to suppliers for goods / services procured that do not require a competitive process to be undertaken. However, concerns were raised around the lack of operational procedures to provide clarity on roles, responsibilities and processes to be adopted by the Service when undertaking competitive procurement related activity, with no procurement related training being provided to staff within the Service in this particular area. In addition, sample testing of Procurement Card transactions identified concerns that these were not undertaken in compliance with the Procurement Card procedure, and that they had circumvented the corporate Purchase to Pay process, which may have resulted in value for money not being achieved.

○ Moratorium Follow Up (SAP)

The review concluded that, where the required budget analysis / monitoring (i.e., check and challenge) had been completed, the requirements of the moratorium had been complied with when procuring goods, supplies and / or services on behalf of the Council. Enquiries with key officers and a review of supporting documentation retained confirmed that the expenditure incurred was deemed "essential spend" and / or required to enable the continued provision of services (i.e., business as usual). However, monitoring of expenditure (including analysis of spend) had not been consistently undertaken nor on a timely basis for some of the budgets / portfolios. [Front line services were in the main managed more effectively where the majority of the spend was being incurred.] Consequently, assurance cannot be provided that robust monitoring arrangements exist upon which compliance with the moratorium can be fully assessed. It is acknowledged that projected outturns had seen a reduction in the total expenditure incurred, thereby providing a degree of assurance. The level of detail analysed continues to differ. The level of detail recorded on the templates to evidence the transactions investigated, the outcomes / evidence and decisions made had not been consistently completed and / or where it had required enhancement.

Details and outcome of other Internal Audit activities undertaken in the period not producing a specific assurance opinion

Audit Work Completed	Details	Contribution to Assurance
Communities: Troubled Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
Core/Place: Glassworks Board Attendance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the phase two scheme can be delivered (i.e. on time, in budget & to standard).	The work contributes to assurance in respect to contract management, governance and financial management.
Core: SAP Success Factors	To continue to support the project throughout its design and implementation.	The work contributes to assurance in respect to contract management, governance and financial management.

Audit Work Completed	Details	Contribution to Assurance
Core: SMART working and Managers Toolkit	To develop the audit and assurance elements of the managers toolkit and also to attend the Working Group meetings to provide check and challenge to the process.	This work supports the Council in its objective of increased SMART working arrangements.

Other Internal Audit work undertaken

Audit Activity	Description
Follow-up of Agreed Management Actions	Regular work undertaken to follow-up agreed management actions made.
Attendance at Steering / Working Groups	<ul style="list-style-type: none"> • Information Governance Board; • Commissioning, Procurement & Contracts Working Group; • SMART Working / Managers Toolkit; • SAP Success Factors Working Group; • Glassworks Board; • Barnsley 2030 / Council Plan Working Group; • ALMO Operational Liaison Board
Liaison, Planning and Feedback	Meeting and corresponding with Service and Executive Directors and Heads of Service regarding the review of the annual plan, progress of audit work, future planning and general client liaison.
Audit and Governance Committee Support	Time taken in the preparation of Audit Committee reports, Audit Committee Member training, general support and development.
Corporate Whistleblowing	General time taken in providing advice and the initial consideration of matters raised. Also includes the review of arrangements.
Corporate Matters	Covering time required to meet corporate requirements, i.e. corporate document management, service business continuity and health and safety.

Work in progress

The following table provides a summary of audits in progress at the time of producing this report:

Directorate- Audit Assignment	Audit Planning	Work in Progress	Draft Report
A&C – Hardship Fund / Local Welfare Assistance Scheme			✓
Core – Financial System – Housing Benefits			✓
Core – Financial System – Council Tax Change of Circs			✓
Core – Financial System – Main Accounting			✓
A&C – Thematic Review - Carers		✓	
A&C – Thematic Review – Transition Childrens to Adults SC		✓	
Core – Financial System - Payroll		✓	

Directorate- Audit Assignment	Audit Planning	Work in Progress	Draft Report
Core – Financial System – Non Domestic Rates		✓	
Core – Financial System – Accounts Payable		✓	
Core – CIPFA FM Code Self Assessment		✓	
Core – RPA Project Assurance		✓	
Place – Glassworks Contract and Performance Management		✓	
Place – Glassworks Future Management		✓	
Place – Elsecar Heritage Trust		✓	
Place – NPS and Norse Governance and Contract Arrangements		✓	
Place – Funding Review (ESIF)		✓	
A&C – Integrated Care	✓		
Childrens – Schools Audit Programme	✓		
Childrens – Lone Working, Social Care	✓		
Childrens – SEND Data Quality	✓		
Place – Highways Financial and Governance Arrangements (Operations)	✓		

Follow-up of Internal Audit report management actions

As previously reported to members, Internal Audit is working closely with management to monitor the general position with regards the implementation of management actions and to establish the reasons behind any delays. Internal Audit continues to issue a detailed monthly status update to Service Directors and to Executive Directors on a quarterly basis. This is in addition to the performance reports currently presented to SMT.

The following table shows the status of internal audit management actions by Directorate where the original target implementation date was due for completion during the period:

Implication Categorisation	Original Target Date in Period	Completed	Not yet completed – Revised date agreed	Not yet completed – Awaiting management update
Adults & Communities				
High	0	0	0	0
Medium	0	0	0	0
TOTAL	0	0	0	0
Place				
High	0	0	0	0
Medium	0	0	0	0
TOTAL	0	0	0	0
Childrens Services (excl. Maintained Schools)				
High	0	0	0	0
Medium	4	3	0	1
TOTAL	4	3	0	1
Maintained Schools				
High	0	0	0	0
Medium	2	2	0	0
TOTAL	2	2	0	0
Core				
High	2	2	0	0
Medium	8	7	1	0
TOTAL	10	9	1	0
Public Health				
High	0	0	0	0
Medium	1	1	0	0
TOTAL	1	1	0	0
OVERALL TOTAL	17	15	1	1
% of TOTAL		88	6	6

Internal Audit performance indicators and performance feedback for Quarter 1 - 2021/22

Internal Audit's performance against a number of indicators is summarised below.

Ref.	Indicator	Frequency of Report	Target 2021/22	This Period (Q1)	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaires received noted "good" or "very good" relating to work concluding with an audit report.	Quarterly	95%	100%	100%
2.	<u>Business Process Perspective:</u>				
2.1	Percentage of final audit reports issued within 10 working days of completion and agreement of the draft audit report.	Quarterly	80%	100%	100%
2.2	Percentage of chargeable time against total available.	Quarterly	73%	69%	69%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	0 days	0 days
3.	<u>Continuous Improvement Perspective:</u>				
3.1	Personal development plans for staff completed within the prescribed timetable.	Annual	100%	100%	100%
4.	<u>Financial Perspective:</u>				
4.1	Total Internal Audit costs v budget.	Quarterly	Within Budget	Yes	Yes

Head of Internal Audit's Internal Control Assurance Opinion

The Head of Internal Audit, Corporate Anti-Fraud and Assurance must deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Based on the audits reported in the period, an overall **reasonable** assurance opinion is considered to be appropriate.

A summary of our quarterly opinions for the year to date is as follows:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Assurance Opinion	Reasonable			

Consideration of our overall opinion takes the following into account:

- results from the substantive audit assignments we have completed during the period;
- outcomes from our audit work not producing an assurance opinion;
- an assessment as to the timely implementation of internal audit report management actions.

Internal Audit, Anti-Fraud and Assurance Contacts

Contact	Title	Contact Details
Rob Winter	Head of Internal Audit, Anti-Fraud and Assurance	Tel: 01226 773241 Mobile: 07786 525319 Email: robwinter@barnsley.gov.uk
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KEY TO INTERNAL AUDIT ASSURANCE GRADINGS AND CLASSIFICATION OF MANAGEMENT ACTIONS

1. Classification of Management Actions

High	Requires immediate action – imperative to ensuring the objectives of the system under review are met.
Medium	Requiring action necessary to avoid exposure to a significant risk to the achievement of the objectives of the system under review.
Low	Action is advised to enhance control or improve operational efficiency.

2. Assurance Opinions

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial	Robust framework of controls exist that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable	Sufficient framework of key controls exist that are likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited	Risk exists of objectives not being achieved due to the absence of key controls in the system.	Significant breakdown in the application of key controls.
	No	Significant risk exists of objectives not being achieved due to the absence of controls in the system.	Fundamental breakdown in the application of all or most controls.

Item 7

Report of the Head of Internal Audit, Anti-Fraud and Assurance

Audit and Governance Committee – 28th July 2021

STRATEGIC CONCERNS / RISK REGISTER

1. Purpose of the report

- 1.1 As agreed at the Audit and Governance Committee meeting in March 2021 the committee will have a regular opportunity for a “deep dive review” of some of the strategic risks with the appropriate Executive Director in attendance to update and assure the Committee on the management of their risks
- 1.2 The Executive Director Children Services will provide the committee with a review of two strategic risks:
 - SEND
 - Potential death of a child/safeguarding failure in children’s services

2. Recommendation

- 2.1 The Committee is asked to note the update.

3. Current Position

- 3.1 The Strategic Risk Register currently contains 13 risks. Using the new system of risk assessment, SMT have determined that 1 risk be classified as **high** (red rating) 10 risk be classified as **medium** (amber rating) and 2 risks be classified as **low** (green rating) in relation to the level of response and intervention required.
- 3.2 All strategic risks have a number of actions identified to minimise/mitigate the risks. All actions have review/completion dates, status updates, progress RAG ratings and identified Action Owners.
- 3.3 The risk register system will be shown in the meeting.

Contact Officer: Corporate Governance and Assurance Manager
Email: alisonsalt@barnsley.gov.uk
Date: 19th July 2021

Appendix 1

Current Strategic Risks / Concerns – July 2021

No.	Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
1	Health Protection Emergency	Need to ensure that robust arrangements in place, are understood by all stakeholders and complied with, to deal with any health protection emergencies which may arise, and which require a Business Continuity response e.g. Covid 19 Pandemic.	Actual	Actual	High	ED Public Health
2	Glassworks	As a key strategic investment for the Council there is a need to ensure the successful delivery of the Glassworks. There are clear financial and reputational implications should the project not be delivered on time, to budget and fail to have the intended economic and social outcomes. The impact of the Covid 19 pandemic will exacerbate the challenges to the High Street/town centre retail sector which could impact on the uptake of retail lettings.	Potential	Actual	Medium	ED Place
3	Serious Economic Downturn in the Local Economy	The impact of Covid 19 will have a significant impact on the local economy with the potential for reduced NDR and CT collection. There is likely to be a continued or accelerated downturn in the retail and visitor economy sector and the collapse of businesses adding to the pressure on the Council and partners' services. As well as the potential impact on the Glassworks and the town centre there are wider community implications for Barnsley, its principal towns and other urban centres	Actual	Actual	Medium	ED Place
4	Potential death of a child/safeguarding failure in children's services	A need to continually appraise the controls to minimise the potential for death of a child or safeguarding failure in children's services - need to be able to identify any changes which may weaken current levels of assurance. Factors which may impact should be assessed include: the impact of Covid 19 upon both families and workforce capacity, increasing poverty which could impact on demands for services and increases in caseloads, future financial settlements which could impact on service provision, awareness of system pressures e.g. workload. If systems break down there is potential for huge reputational damage - seen across a number of UK authorities - including removal of Director of Children's Services, and government imposition of Commissioners to run services until improvements are made.	Potential	Potential	Medium	ED Children's Services

No.	Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
5	Educational outcomes progress	Concerns that educational outcomes progress for all children across Barnsley may not be sufficient, with particular concern around improving outcomes for vulnerable groups and boys	Potential	Potential	Medium	ED Children's Services
6	Financial sustainability	The Comprehensive Spending Review (CRS), Fair Funding Review, and Business Rates Retention all take place in the national policy context of significantly impaired national finances which present challenges to the Medium-Term Financial Strategy (MTFS) and to the certainty and level of financial resources available to the Council with the loss of funding streams. Additional pressures from Business Continuity events e.g. Covid 19, plus the added impact of the year on year reduction in funding available to the Authority which inevitably creates pressures on the financial position which can undermine the Council's ability to fulfil its strategic priorities and longer-term aspirations	Actual	Actual	Medium	SD Finance
7	Organisational resilience	There is a need to ensure that at the Council's core we have robust mechanisms in place to deal with external issues such as; Brexit, Cyber Security, Terrorism or any other external impact requiring a Business Continuity response.	Actual	Potential	Medium	ED Core
9	Partnership and Collaboration Governance	Many public services are delivered through partnerships or collaboration as well as emerging devolution arrangements; these must be robust, well governed but flexible and responsive to ensure objectives are met. Weak partnerships or collaborative working can lead to the failure of services, significant financial difficulties and reputational damage. Key partnerships are: Integrated Care Partnership Board, Barnsley FC, BCVS, SCRMCA.	Potential	Potential	Medium	ED Core
9	Potential for a safeguarding failure in vulnerable adults service	Whilst we are confident that controls are in place to minimise the potential for safeguarding failures there remains a need to continually appraise these and be able to identify any changes which may weaken current levels of assurance. Factors which may impact and should be assessed include; the impact of Covid 19 upon families and workforce capacity which could increase workload pressures, increasing incidence of poverty which could impact on demands for services and lead to increases in caseloads, future financial settlements could impact on service provision, awareness of pressures in the system e.g. workload pressures leading to decrease in staff attendance at meetings etc. If the system breaks down potential for huge reputational damage.	Potential	Potential	Medium	ED Adults & Communities

No.	Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
10	External market provision in Adult Social Care provision	Concerns exist regarding the capacity and sustainability of the external market in adult social care provision. There remains a continuing decline in the ability to recruit into the external care market and sustain safe levels of care. There is no clear market shaping plan and limited capacity to develop it with the potential consequences of people being placed in inappropriate settings with the wrong services. High levels of voids in the market will also significantly threaten capacity and longer-term financial sustainability. The impact of Covid 19 has and will continue to significantly influence the external market and must be fully understood and assessed.	Actual	Actual	Medium	ED Adults & Communities
11	Community cohesion	This remains a key area of focus to ensure that we build and support a tolerant and inclusive community across the Borough.	Potential	Potential	Medium	ED Adults & Communities
12	SEND	Although a new set of controls are in place and the Oversight Board has been developed to ensure that issues identified in the Peer Review Challenge are in place - there remains a need to focus on whether the systems established will be able to support improvements at pace and to the satisfaction of service users and reduce the need to send children out of area which is very expensive and attracts poor satisfaction rates	Potential	Potential	Low	ED Children's Services
13	Consistency of decision-making process	In the current climate of needing to take effective and often urgent decisions (particularly relating to Covid 19) it is essential that the decision-making arrangements across the Authority are clear, robust but flexible, transparent and consistently complied with. Consideration is needed to balance the need for effective decision making with the information required to support it to ensure that the decision-making process is efficient. This must also incorporate the need for effective consultations, whether that is within the Council or with external partners and stakeholders. There also needs to be an appropriate and effective scheme of delegation where Service Directors and Heads of Service are able to take decisions through a simple governance framework but that provides assurances to SMT.	Potential	Potential	Low	ED Core

REPORT OF THE SERVICE DIRECTOR REGENERATION AND CULTURE

AUDIT AND GOVERNANCE COMMITTEE - 28 JULY 2021

Purpose: To review the process followed in addressing a complaint from Mr X, its subsequent referral to the LGSCO, decisions taken by the LGSCO Investigating Officer and actions taken by BMBC.

1. Original Complaint made to Barnsley Council

- 1.1 On 8 August 2020, Mr X made a complaint to Barnsley Council about planning permission having been issued to a residential developer Avant Homes to build housing on a site close to his main residence, on a sloping site where he perceived flooding to be a risk, having previously registered an objection to the planning application for this development in 2019 in which he identified concerns about the potential of flooding and that he believed it was the Council's duty of care to protect those living around the site.
- 1.2 When he experienced some flooding in his front garden while the developer was onsite in the summer of 2019, Mr X contacted the Council and experienced some difficulties with locating the right person to speak to within the Council, which led to him being finally directed to the Planning team. His complaint of 8 August focussed on his view that:
 - The Council had failed to consider a preventative approach to the flooding risks of the site during the planning application process
 - The Council had failed to thoroughly investigate and act upon a report of concern of a developer's actions in a timely manner

The Group Leader Building Control was responsible for looking into the complaint.

- 1.3 On 14 October 2020, following a thorough investigation, the Group Leader Building Control wrote to Mr X and in some detail responded to the two key substantive points in the complaint (see attachment 'Formal Response to Mr X, 14 October 2020'). The key points made in response were that:
 - There was a key requirement for Avant Homes, in their site preparation works, to ensure existing grassed areas be stripped in small phases and it was evident that Avant Homes did not abide by this guidance. This was identified as the primary cause of the resultant flooding that occurred from the site onto Mr X's property. The Group Leader Building Control was clear with Mr X that it is not generally a requirement for temporary drainage schemes to be considered within a construction method statement and that there was no requirement on the Council to regulate such matters under the planning control system. The conclusion was that there was no statutory failure by the Council under the planning process with regards to its failure to impose conditions/requirements in respect of the prevention of flooding from the site during the construction process. His letter made it clear that

with regards to Avant development, a temporary drainage strategy was in place which clearly had not been adhered to and that responsibility sat with Avant Homes for this failure.

- He also stressed that the duty of care was on Avant to take such reasonable care to carry out its site operations to a standard to prevent foreseeable harm to others. But that, having spoken to the relevant planning officers and looked at various communications, he was satisfied that they had made a number of personal interventions in endeavouring to get Avant's to deal with Mr X's concerns.

1.4 The Group Leader Building Control also laid out in his letter the key lessons learnt by the Planning team in investigating the complaint, as follows:

"Consideration should be given to more clearly articulating that, ultimately, it is the developer who is liable and responsibility for temporary drainage measures in order to avoid any flooding and damage to neighbouring land and property and that such matters are not material planning considerations

Notwithstanding that it is the developer who is ultimately liable, consideration should be given to the inclusion of a separate condition, or provision within the construction method statement, in respect of the effective management of temporary surface water during construction particularly where so alerted to relevant concerns. The threshold for the adoption of such control would be at the decision of the service but would be envisaged to be to all 'major' applications. Where appropriate, this could include whether there is a requirement for a fully engineered design solution.

That the Planning Service as a whole review its signposting of published telephone contacts and service access channels."

(Page 4, Formal response to Mr X, 14 October 2020)

2. Stage Two Investigation

- 2.1 Mr X subsequently requested that his complaint pass to a Stage Two investigation and at the end of October he was contacted by the member of the Customer Service team responsible for facilitating complaints that progress to Stage 2 Review of the Council's Complaints Procedure
- 2.2 Following consultation with the Executive Director, the Customer service team member contacted Mr X on 20 November to say that having considered his correspondence, she did not feel that there are any outstanding gaps between the response and what have raised to constitute progressing this to a stage 2 review and that the matters raised were more comments in response to the stage 1 response and follow up questions rather than matters which had not been addressed. She also advised that she was unable to pursue the complaint any further but that all questions, comments and concerns had been highlighted with the Service for their attention and consideration. He was advised that he had the right to pursue his complaint directly with the Local Government and Social Care Ombudsman if he wished. However due to an email error, this email was not received by Mr X until 11 January 2021.

- 2.3 On 18 January 2021, he contacted the LGSCO to ask them to investigate the handling of his complaint by Barnsley Council and was passed to the Ombudsman's investigation team for consideration. We provided the Ombudsman with a copy of our stage 1 and stage 2 response to this complaint

3. LGSCO Investigation

- 3.1 On 28 April 2021, BMBC Chief Executive received a letter from the LGSCO to formally notify the Council that they were proposing to investigate Mr X's complaint and that an investigator had been allocated. The letter also laid out the process the Investigator would go through, i.e. firstly considering the case and then contacting with a draft decision for comment.
- 3.2 On 20 May 2020, The Investigator emailed the Council asking if he could read the committee report that included details of the Council's consideration of drainage issues on the Lidgett Lane site (2013/1006) but wasn't able to locate it on the Council's website. He asked that a copy be sent to him by email or via a link as soon as possible. He also advised that the Ombudsman recommends that Council's keep delegated, and committee reports along with other documents relating to all applications on its website, as without access to the reports it is difficult for the LGSCO (or the public) to understand how a decision was made. He indicated that, 'in addition to sending him a copy/link to this report, that BMBC would consider following the Ombudsman's recommendation with regards to publishing all its reports. A link with the relevant reports in was sent to the Investigator on 21 May.
- 3.3 On 9 June, he contacted the Head of Planning and Building Control to ask for a discussion with him about how the Council maintained records of its Planning Committee reports on its website portal. This was an issue he wanted to address within his report but wanted to give BMBC a chance to comment first.
- 3.4 The Head of Planning and Building Control spoke with the Investigator later that day. The conversation identified that, broadly, the Investigator had no issues in relation to Mr X's complaint regarding the drainage and associated enforcement (or lack thereof) considerations but had identified fault in terms of information which BMBC publish online. This can be split into 3 categories:
- Issues with some info from our back-office system not being carried through to our front end Planning Explorer webpage.
 - Not publishing Consultee Responses on the website
 - Not publishing delegated officer reports on the website

In response, the Head of Planning and Building Control confirmed the following:

- The Planning team intend to replace their back-office system but, in the meantime, officers have identified a work around and are now implementing this.

- They deliberately chose not to do this because they were concerned about the possible need to redact info, which would have been incredibly time consuming and didn't think this was something they could prioritise over and above other duties/tasks.
- They've held off doing this but could start publishing the delegated reports straight away, with no requirement to go back and publish reports for apps already determined.

4. LGSCO Report

4.1 The final decision report from the LGSCO was received on 2nd July.

In summary, it found that:

"The Council followed the decision-making process we would expect and so I find no fault in its decision to approve the variation application. However, I did find evidence of fault in the way the Council keeps and publishes its planning records. The faults I have found, particularly the failure to publish key documents has caused confusion and frustration for Mr X. I will recommend a remedy for the injustice caused by the fault I have found."

The findings of the draft report were accepted by the Council's Planning team and the Service Director Regeneration and Culture, and all comments on the draft submitted at the end of June.

The findings from the report and its recommendations were accepted by the Service and agreement was made to undertake the various recommendations.

- 4.2 These recommendations were assigned to the Service Director Regeneration and Culture and the Head of Planning and Building Control for co-ordination and completion via our task allocation system. A copy of this task allocation was also sent to the Executive Director to ensure compliance with timescales. Evidence of completion must be provided so that this can be shared with the Ombudsman's office.
- 4.3 These tasks must be completed within the stated time otherwise the Investigator will record that we have failed to complete them within timescale, and this will be reported upon within their Annual Review letter to the Chief Executive. The Investigator also asked that all involved in this be reminded that the law says that investigations must be conducted in private, and the complaint and information about it must not be disclosed to third parties.
- 4.4 On 5 July the Service Director Regeneration and Culture agreed that the actions would be divided up as follows.

Recommended Timescale	Action	Lead	Progress Made as at 19 July 2021
To be completed by 31 July	Apologise to Mr X for the confusion and frustration caused by the failure to keep and publish proper records	Head of Planning and Building Control	The Head of Planning and Building Control emailed Mr X on 15 July and received a short email of reply on 16 July with the following response: 'The apology is welcome, appreciated and fully accepted. Please don't underestimate the power of an apology!'
Completed by 31 July	Pay Mr X £150 for his time and trouble in coming to the Ombudsman	Head of Planning and Building Control	The Head of Planning and Building Control also requested Mr X's bank details to make the bank transfer in his email of 15 July, and these were provided to our Finance colleagues by return by Mr X on 16 July. Responsibility sits with Finance to make the payment. The Head of Planning and Building Control and the Service Director Regeneration and Culture will continue to check that payment has been made within the deadline
Completed by 31 July	Rectify BMBC Planning and Building Control website records as they relate to this complaint, so Mr X can see how the Council made its decision on the variation application and condition discharge decisions and the documents it relied upon	Head of Planning and Building Control and planning team	In the email of 15 July, the Head of Planning and Building Control also advised Mr X that 'Moving forward we are publishing a letter for all such applications we determine as per the Inspector's recommendations'

Recommended Timescale	Action	Lead	Progress Made as at 19 July 2021
Within the next three months (completed by 30 Sep)	Resolve the document management issue and publish documents in line with the regulations	Head of Planning and Building Control and team	The document management issue has now been rectified
Within the next three months (completed by 30 Sep)	Establish temporary solutions or 'work arounds' to ensure that as many documents as possible that should be available under the regulations are published on its website	Head of Planning and Building Control and team to put interim solution in place and advise of timescale	Temporary solutions and workarounds were put in place in June following receipt of the LGSCO's recommendations
Within the next three months (completed by 30 Sep)	Check that other Council services whose work is caught by the regulations and ensure they are operating lawfully	Head of Planning and Building Control	The Head of Planning and Building Control is currently determining whether other teams in the Council are affected by the recommendations and will identify any further requirements to publish reports
Within the next three months (completed by 30 Sep)	Refer the above recommendations to the Audit and Governance Committee for monitoring and to check compliance	Service Director Regeneration and Culture	Action discharged via this report and the subsequent scrutiny at Audit and Governance Committee 28 July

5. Recommendation

The Committee is asked to note the details of the report and the proposed action plan and associated deadlines to comply with the recommendations of the LGSCO's report.

Contact Officer Service Director Regeneration and Culture

Email: KathyMcArdle@barnsley.gov.uk

Date 20th July 2021

The Ombudsman's final decision

Summary: Mr X complained about the Council's failure to protect his home from surface water run off from a construction site. There was no fault in the way the Council considered this matter. However, we did find fault in the way the Council kept and published key documents and background papers in relation to its planning decisions. This fault caused Mr X unnecessary confusion and injustice. The Council has agreed to remedy the injustice caused to Mr X and make service improvements for the fault we have found.

The complaint

1. Mr X complained that the Council failed to ensure that an earth bund to protect his home and others from surface water flooding, was effective for its intended purpose. Mr X said the bund was part of a scheme for housing development approved on land on the hillside above his home.
2. Mr X said that during heavy rainfall, his garden was flooded with contaminated water from the development site.

The Ombudsman's role and powers

3. We investigate complaints about 'maladministration' and 'service failure'. In this statement, I have used the word fault to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
4. If we are satisfied with a council's actions or proposed actions, we can complete our investigation and issue a decision statement. (*Local Government Act 1974, section 30(1B) and 34H(i), as amended*)

How I considered this complaint

5. I read the complaint and discussed it with Mr X. I read the Council's response to the complaint and considered documents from its planning files, including the plans and the case officer's reports for outline and reserved matters applications.
6. I gave Mr X and the Council an opportunity to comment on a draft of this decision and I took account of their comments before making a final decision.

What I found

Planning law and guidance

7. Councils should approve planning applications that accord with policies in the local development plan, unless other material planning considerations indicate they should not.
8. Planning considerations include things like:
 - access to the highway;
 - protection of ecological and heritage assets; and
 - the impact on neighbouring amenity.
9. Planning considerations do not include things like:
 - views from a property;
 - the impact of development on property value; and
 - private rights and interests in land.
10. Councils may impose planning conditions to make development acceptable in planning terms. Conditions should be necessary, enforceable and reasonable in all other regards.
11. Planning decisions can be for 'full' applications, where all or most details needed to make a decision are provided by the applicant. On larger developments, applicants often submit 'outline' applications, with plans that give an indication of what is proposed to be built, and include some details, usually including details of access to the highway. An outline approval can be followed by a 'reserved matters' application, which will provide all or most of the details needed to make a decision.
12. We normally expect to find evidence of consideration of the key material issues in the case officer's delegated report, which is written to advise the decision making body or individual.
13. We accept that delegated reports might be written differently, as their target audience is a professional planner, not a member of the planning committee. However, delegated reports still need to demonstrate the core issues have been considered and set out the reasons for judgements on planning matters, albeit briefly stated.
14. The purpose of the report is not merely to facilitate the decision, but to demonstrate the decisions were properly made and due process followed. Without an adequate report, we cannot know whether the Council took proper account of the key material planning considerations or whether judgements were affected by irrelevant matters.
15. An explanation of what happened that is given after the events, either in a complaint response or during our investigations, may provide relevant evidence, but it will not necessarily prove the Council acted without fault. This is because we need evidence that shows the Council exercised its discretion properly at the time its decision was made.

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16. The impact development might have on land drainage can be a material planning consideration. If land drainage is raised in an objection letter to a planning application, we would expect to see evidence to show the Council had taken the issue into account before it made its decision. Without some evidence to show the Council considered the issue, we cannot know whether it has exercised its discretion properly.
 17. However, even if we find fault in a failure to consider drainage issues during the planning process, it does not mean we will expect the Council to provide a significant remedy for the consequences. A grant of planning permission does not allow developers to cause damage to their neighbour's land. Because of this, we would not expect councils to pay compensation caused by the acts or omissions of private individuals.

Openness in local government

18. Decisions made by officers using delegated powers are controlled by the Openness of Local Government Bodies Regulations 2014. The 2014 regulations require that certain decisions and their background papers are publicised on council websites, as soon as is practicable after the decision is made.
19. The 2014 regulations apply to a decision that has been delegated to an officer, if it:
 - grants a permission or licence;
 - affects the rights of an individual; or
 - awards a contract or incurs an expense that materially affects the council's financial position.
20. The 2014 regulations require that any such decision should be made available to the public:
 - at the council offices;
 - on the council's website, if it has one; and
 - by any other means the council considers appropriate.
21. The written records should include the following information:
 - the date the decision was made;
 - the record of the decision, its reasons and the background papers relied on;
 - details of alternative options, if any considered and rejected; and
 - a record of any relevant conflict of interest.
22. The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 applies to council meetings, which should be held in public unless certain exceptions apply.
23. The 2012 regulations require the publication of:
 - the matter that will be considered/decided;
 - meeting details, including dates and time, venue;
 - details of the decision maker, or committee; and
 - details of relevant documents that will be considered.

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24. After the meeting has happened, the outcome of the meeting should be published, along with background documents relating to the decision at the council's office and on the council's website, if it has one.

Background

25. Mr X's home backed on to a hill which was open land. Several years ago, a development company submitted an outline permission to develop the land for housing. The application was approved subject to further details being provided in a reserved matters application.
26. A reserved matters application was subsequently approved but the land was sold to another company. The new company wanted to vary the style and layout of the houses that had been approved, so submitted a new application to vary the approved planning permission.
27. The application to vary approval was considered by a planning case officer.
28. The case officer wrote a report which included:
- a description of the proposal and site;
 - a summary of planning history considered relevant;
 - a summary of comments from neighbours and other consultees;
 - a summary of planning policy and guidance considered relevant;
 - an appraisal of what were, in the officer's view, the main planning considerations, including impact on amenity, drainage and flood risk, and highway safety; and
 - the officer's recommendation to approve the application, subject to planning conditions. Some of the conditions related to drainage of the development.
29. The case officer's report was not saved on to the Council's website along with other background papers.
30. The variation application was approved by a senior manager using delegated powers.
31. After permission was granted, the developer sought to discharge planning conditions. The developer submitted documents relating to drainage conditions, one of which included details of a temporary scheme to deal with site drainage until permanent drains were installed.
32. The temporary drainage scheme options were:
- making no arrangements and allowing rainwater to soak into the site; or
 - installing 'primary' drainage infrastructure within approximately 26 weeks from the date of the condition discharge application.
33. If these options did not work/happen, then the developer might:
- seek permission from the local water company to discharge surface water into existing drains; or
 - install bunds (mounds of earth) to catch water and for it to be removed by a tanker vehicle.
34. The Council's case officer pointed out that the temporary drainage scheme suggested by the developer was not required by planning condition, and merely gave options of the measures the developer might take. The Council's drainage conditions required a scheme for the housing development it had approved.

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35. After construction work began, there was a heavy rainstorm. Surface water ran off the site and onto Mr X's garden. Mr X noticed that an earth bund was not 'V' shaped to catch water, but a straight line, which merely diverted water along the site before it ran onto his land.
36. The case officer said that he visited the site and met both Mr X and a representative of the developer. The case officer said that the developer agreed to regrade and move the bund. The developer also said they would install an attenuation tank and other drainage to help drain the site during construction.
37. Mr X complained because he felt the Council should have done more to protect him.
38. During my investigation, I noticed that the Council's website did not include all the information I would expect to see. The website page for the variation application did not include a case officer report. The decision notices and some of the background papers, including correspondence with the developer about condition requirements, were also absent.
39. On one of the condition discharge applications, the summary says the status is 'Final Decision', but further down on the same page, in the important dates section, it says 'Not yet determined'.
40. I have discussed what I had found with a senior manager who explained that the Council is aware of the problem with publishing documents, and that it is caused by two different software programmes that do not work well together. The manager said that key documents, like the case officer reports should be 'pulled through' onto the Council's website, but this does not happen. The Council has been considering a software solution to the problem but expects it will take several months to resolve.

My findings

41. We are not a planning appeal body. Our role is to review the process by which planning decisions are made. We look for fault in the decision making process, and when we find it, we decide whether it caused an injustice to the complainant.
42. Before it made its decision to approve the variation application, the Council considered the plans, the site history, comments from consultees, including the public and other matters it considered relevant. Mr X's main concern is about the adequacy of the bund, but there is no evidence to show the Council required the bund for drainage protection.
43. When he realised the bund did not catch surface water, Mr X might have expected the Council should have required better protection before work began. As we are not a planning appeal body, we cannot say what we would have decided in these circumstances. These are matters of planning judgement for the Council to decide.
44. Providing the Council follows the proper decision making process, it is free to exercise its planning judgement as it chooses. The Council followed the decision making process we would expect and so I find no fault in its decision to approve the variation application.

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45. However, I did find evidence of fault in the way the Council keeps and publishes its planning records. The case officer report for the variation application is an important background document, as without access to it, it is difficult to understand how the Council made its decision and what weight it gave to the different planning considerations. It was not published on the Council's website and this was fault.
46. The variation approval was subject to conditions, which required more information to be provided and considered before a decision was made. I looked at some of the condition discharge applications including that which was related to drainage conditions. The condition discharge records do not include a decision outcome or some of the background documents that were considered before a decision was made. This was fault.
47. The summary of details on the website for one of the condition discharge applications shows the decision status as both final and not yet determined. This inconsistency was fault.
48. The faults I have found, particularly the failure to publish key documents has caused confusion and frustration for Mr X. I will recommend a remedy for the injustice caused by the fault I have found.
49. I recognise the Council might find this fault I have found difficult to resolve, but it is clearly possible that other people might be similarly affected or caused a more significant injustice. It is also possible that other council services might have similar compliance issues. Because of this, I would expect the Council to give this matter appropriate priority and resolve it without undue delay.

Agreed actions

50. To remedy the injustice caused by the fault I have found, the Council has agreed to:
- apologise to Mr X for the confusion and frustration caused by the failure to keep and publish proper records;
 - pay Mr X £150 for his time and trouble in coming to the Ombudsman; and
 - rectify its website records as they relate to this complaint, so Mr X can see how the Council made its decision on the variation application and condition discharge decisions and the documents it relied upon.
51. This part of the remedy will be completed within four weeks from the date of my final decision statement.
52. The Council will also:
- resolve the document management issue and publish documents in line with the regulations;
 - establish temporary solutions or 'work arounds' to ensure that as many documents as possible that should be available under the regulations are published on its website; and
 - check that other Council services whose work is caught by the regulations and ensure they are operating lawfully.
53. The Council will refer the remedy set out in paragraph 52 to its relevant scrutiny committee and ask it to monitor and check compliance. The remedy should be completed within three months from the date of our final decision. If any of the

changes necessary are not completed within that time, the Council should provide us with updates and reasons for delay at intervals of no less than three months until the remedy is completed. We may re-open our investigation if the Council does not complete the remedy within a reasonable time.

Final decision

54. There was some fault in the way the Council kept and published decision records. I complete my investigation because the Council agreed to accept my findings and recommendations.

Investigator's decision on behalf of the Ombudsman

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Barnsley Metropolitan Borough Council 2020-21 Audit Plan

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15 July 2021

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Item 9

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Key matters

Factors

Covid-19 and Council financial developments

The Covid-19 pandemic has had a considerable impact on the Council. Given the pandemic only started to impact from mid-March 2020, the additional costs did not have a significant impact on 2019-20, when the Council delivered an **overall operational underspend position of £6.9m as at 31 March 2020.**

However, the scale of impact has been felt fully 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, lost income through reduced trading activity and some temporary cessation of services. In addition, council tax payments and business rates payments reduced as lock down began, some businesses in the District closed their operations and some businesses furloughed staff. Throughout the on-going pandemic, the Council has continued to receive Central Government funding to support its services as well as support for businesses operating within the Barnsley area.

The 2020-21 Quarter 4, Corporate Finance Performance Report for year ended 31 March 2021 was presented to Cabinet on 16 June 2021, this highlighted the significant volatility and financial challenges faced during the year from the Covid-19 pandemic. The report highlighted that the Council has an overall net overspend during 2020-21 of £3.1m. According to current planning this is to be addressed through Government's taxation compensation scheme. The report also highlighted the pandemic resulted additional costs of £41.6m (£33.2m in additional costs and £11.4m in lost income) and the Council received Covid-19 funding from the government totalling £36.6m.

For 2021-22, the Council has set a balanced budget with gross revenue expenditure of £511.4m. Detailed 2021-22 budget plans including assumptions were presented and approved by Full Council in February 2021. To achieve this balanced budget, the Council will need to deliver approved savings of £7.2m during 2021-22.

Adoption of new auditing standards - Estimates

ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures, which includes significant enhancements in respect of the audit risk assessment process for accounting estimates. As we explain in more detail in Section Four of this Plan, this will require greater disclosure by the Council as well as additional work by the auditor.

Financial Reporting and Audit – raising the quality bar

The Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge, and to undertake more robust testing.

Our work in 2019-20 highlighted areas where financial reporting in the public sector, needs to be improved, with a corresponding increase in audit procedures. We have also identified an increase in the complexity of financial transactions in the sector which require greater audit scrutiny.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the S151 Officer.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We will continue to provide you with sector updates via our Audit Committee updates.
- The revisions to the standard have been incorporated into our audit approach and methodology. We have already identified the material accounting estimates likely to be impacted by the new auditing standard and will work with management to agree the information required and the disclosures required in the financial statements.
- At this time we have not identified a specific Covid-19 significant audit risk (as we did for all Local Government audits in 2019-20 which covered a number of risks including the availability of the entity's staff to produce accounts, valuation uncertainties in relation to land and buildings). We will revisit this assessment should the current pressures the sector faces continue and impact year-end accounting and auditing processes.

2. Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Barnsley Metropolitan Borough Council ('the Council') for the Audit Committee

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed *Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA)*, the body responsible for appointing us as auditor of Barnsley Metropolitan Borough Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council and group's financial statements that have been prepared by management with the oversight of the Audit committee; and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's activities and is risk based.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of the following group components:

- Barnsley Metropolitan Borough Council (the Council)
- Berneslai Homes Limited (BHL)
- Penistone Grammar Trust (PGT)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of land and buildings
- Valuation of the net pension fund liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £8,623k (PY £8,443k) for the group and £8,593k (PY £8,425k) for the Council, which equates to 1.5% of your gross expenditure for cost of services for group and the Council for 2019-20. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £430k (PY £422k).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money have not identified any risks of significant weakness at this time. We will keep this under review as our audit progresses.

Audit logistics

Our planning work for 2020-21 commenced in February 2021 and will be completed along with our interim audit during July. Our final accounts audit will take place from late July to November 2021. Our key deliverables are this Audit Plan, our Audit Findings Report and the Auditor's Annual Report on our VFM work. Revisions and updates to certain ISA(UK) which are applicable to 2020-21 audit and beyond are reported at Appendix A.

Our fee for the audit will be £180,218 (PY: £144,718) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on your financial statements.

3. Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Barnsley Metropolitan Borough Council	Yes	Audit of the financial information of the component using component materiality	• Please refer to the significant risks identified in this Plan on pages 6 to 9.	Full scope audit under ISA(UK) performed by Grant Thornton UK LLP.
Berneslai Homes Limited (BHL)	No	Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	The BHL net pension fund liability is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in the BHL pension fund liability. However, we set out our targeted audit approach in the next column.	Audit of the specific area of BHL net pension fund liability and related disclosures for the year ended 31 March 2021. Targeted testing of material other balances (other than net pension liability) and transactions outside the group boundary. This will be performed by Grant Thornton group audit engagement team.
Penistone Grammar Trust (PGT)	No	Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements	The PGT land and buildings valuation is not considered a significant risk at group level because we do not consider there is a material estimation uncertainty in PGT land and buildings valuations. However, we set out our targeted audit approach in the next column.	Audit of PGT's valuation of land and buildings as at 31 March 2021. Targeted testing of material other balances (other than land and buildings) and transactions of PGT financial statements for the year end 31 March 2021. This will be performed by Grant Thornton group audit engagement team.

Key changes within the group:

There are no key changes to the group structure or components for the year ended 31 March 2021. However, we will continue to discuss the group structure and components with management. At the time of this Audit Plan, we can confirm that these are the only three components within the group that form part of the group consolidation process. We have requested a paper from management assessing other entities with which the Authority has an interest in, to consider whether there are any other components which would be required to form part of the group.

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to significant risks of material misstatement of the group financial statements
- Analytical procedures at group level

4. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud in revenue recognition and expenditure	Council	Revenue Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.	Notwithstanding that we have rebutted these risks we will still undertake a significant level of work on the Council's revenue streams, as they are material to the financial statements audit.
		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: <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. 	We will: <u>Accounting policies and systems</u> <ul style="list-style-type: none"> • Evaluate the Council's accounting policies for recognition of income and expenditure for its material income and expenditure streams and compliance with CIPFA Code • Update our understanding of the Council's business processes associated with accounting for income and expenditure.
		Expenditure Whilst not a presumed significant risk we have had regard to Practice Note 10 (Audit of financial statements and regularity of public sector bodies in the United Kingdom) Having considered the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because: <ul style="list-style-type: none"> • there is little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds • there is no significant pressures on general fund reserves of the Council • Covid -19 funding has been sufficiently provided for additional expenditure and loss of income during 2020-21 	<u>Fees, Charges and other service income</u> <ul style="list-style-type: none"> • Agree, on a sample basis, income and year end receivables from other income supporting evidence. <u>Taxation and non specific grant income</u> <ul style="list-style-type: none"> • Income for national non-domestic rates and council tax is predictable and therefore we would conduct substantive analytical procedures • For other grants we will sample test items for supporting evidence and check the appropriateness of the accounting treatment in line with CIFA Code. <u>Expenditure</u> <ul style="list-style-type: none"> • Agree, on a sample basis, non pay expenditure and year end payables to supporting evidence • Undertake detail substantive analytical procedures on pay expenditure We will also design and carry out appropriate audit procedures to ascertain that recognition of income and expenditure is in the correct accounting period using, for example, cut off testing.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Council	<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 will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied and made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	Council	<p>The Council re-values its land and buildings on a rolling five-yearly basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (over £800 million) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified the closing valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • engage our own auditor's expert valuer to assess the instructions issued to the Authority's valuer, the Authority's valuer's report and the assumptions that underpin the valuation • test revaluations made during the year to see if they had been input correctly into the Authority's asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • consider, where the valuation date is not 31 March 2021 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate as at 31 March 2021.

Significant risks identified

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of the pension fund net liability	Council	<p>The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£408m in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update 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 evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • test 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 • undertake 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 • obtain assurances from the auditor of the South Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

5. Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have currently identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings and council dwellings
- Depreciation
- Year end material provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Valuation of level 2 and level 3 investments.
- Liabilities under PFI schemes

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;
- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

Planning enquiries

As part of our planning risk assessment procedures, we sent our letters of enquiry to management in April 2021. We recommend management responses are considered by the Audit Committee at a subsequent meeting. We would appreciate a prompt response to these enquires in due course and go through the next Audit Committee in September 2021.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

6. Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020-21 financial statements, consider and decide upon any objections received in relation to the 2020-21 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VFM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report.

We will also need to identify whether any material uncertainties in respect of going concern have been reported for the Council's subsidiaries. If such a situation arises, we will consider our audit response for the group.

7. Progress against prior year audit recommendations

We identified the following issues in our 2019-20 audit of the Council and Group financial statements, which resulted in four recommendations being reported in our 2019-20 Audit Findings Report. The progress made as of July 2021 against those recommendations are reported below

Assessment	Issue and risk reported in our 2019-20 Audit Finding Report	Recommendations
<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: (October 2020)</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>Update July 2021: The Audit and Governance Committee work programme has been updated to reflect regular reports on strategic risks including "deep dive reviews" whereby an Executive Director is invited to attend the committee meeting to update the committee on their strategic risks and explain the actions being taken to mitigate/address the risks.</p> <p>The first "deep dive review" took place at the June meeting when the Executive Director – Adult Social Care and Communities updated the committee on the strategic risk relating to Community Cohesion. The Executive Director – Children Services will update the committee on two strategic risks at the July meeting (SEND and safeguarding children). Further reviews have been programmed into the committees work programme for the rest of the year.</p> <p>Updates on strategic risks will be presented to Cabinet in November and June. SMT will consider their strategic risks on a quarterly basis</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: (October 2020)</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> <p>Update July 2021: This is on the Audit Committee agenda for 28 July along side the SOA. Draft AGS will be published with the SOA and Narrative Report.</p>

7. Progress against prior year audit recommendations (continued)

Assessment	Issue and risk reported in our 2019-20 Audit Finding Report	Recommendations
<p>● 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 recommended 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 (October 2020)</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>Update July 2021: Ongoing monitoring of costs during 21/22 included as part of the normal quarterly financial performance. The Council's overall governance arrangements around COVID remain in place</p>
<p>● 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 (October 2020)</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> <p>Update July 2021: The glassworks governance arrangements remain in place including reporting to the Audit Committee, and will continue through to completion with ongoing governance arrangements being established post completion.</p>

8. Materiality

The concept of materiality

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. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure in cost of services of the group and Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £8,623k (PY £8,443k) for the group and £8,593k (PY £8,425k) for the Council, which equates to 1.5% of your gross expenditure for the prior year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £15,000 for senior officer remuneration due to sensitive nature of such disclosures to the public.

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

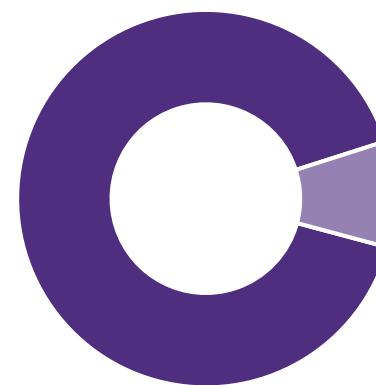
Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £430k (PY £422k).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

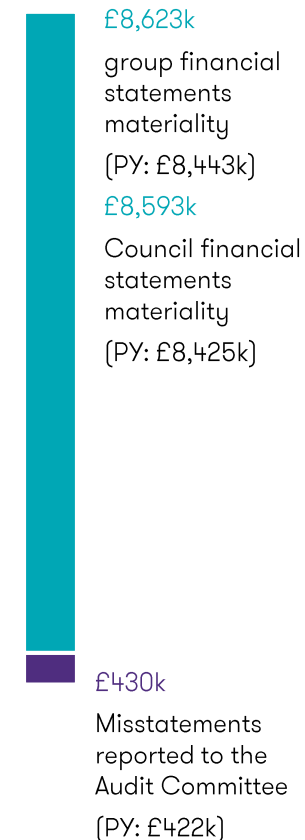
Gross operating expenditure in cost of services

£574.8m Group
£572.8m Council



■ Forecast gross operating costs

Materiality



9. Value for Money arrangements

Revised approach to Value for Money work for 2020-21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020-21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information.



10. Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the right hand column below.

Risks of significant weakness

These would be risks requiring audit consideration and procedures to address the likelihood that proper arrangements are not in place at the body to deliver value for money.

At this stage of our audit work we have not identified any significant weaknesses. However, under the new VFM arrangements we will be considering the Authority's arrangements in place across the three criteria areas of finance, governance and performance. To be clear, this represents a more detailed level of audit work required under the new VFM Code than previously. We will be commenting on the Authority's arrangements across the three criteria in our Auditor's Annual Report – again a new requirement for this year.

We will consider the Authority's financial outturn position for 2020-21 and its planned position for 2021-22 and beyond.

We will keep the possibility of a significant weakness arising and/or an existing risk increasing to a significant weakness as part of our ongoing 2020-21 VFM review.

Our findings will be summarised in the Auditor's Annual Report, to be agreed with management later this year. The NAO has set out that the Auditor's Annual Report, detailing our findings from our VFM work, should be issued within three months of the audit opinion in 2020-21, which is reflected in the timeline on the following page.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

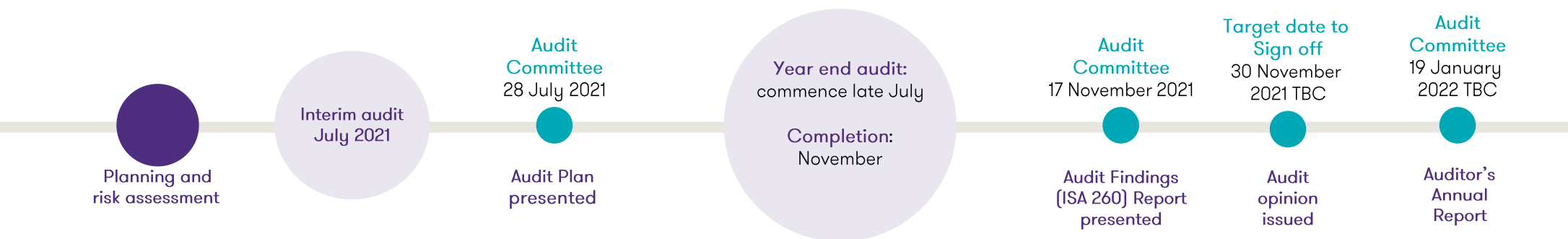
The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

11. Audit logistics and team



Gareth Mills, Key Audit Partner & Engagement Lead - Gareth leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, ensuring the highest professional standards are maintained and a commitment to add value to the authority.

Thilina De Zoysa, Engagement Manager - Thilina plans, manages and leads the delivery of the audit, is your key point of contact for your finance team and is your first point of contact for discussing any issues.

Jack Walsh & Haz Anjum (from September 2021), Engagement Assistant Manager - Jack and Haz assist in planning, managing and delivering the audit fieldwork, ensuring that the audit is delivered effectively and efficiently. They supervise and co-ordinate the audit team.

Members of the Audit Committee will be familiar from previous discussions regarding the challenging nature of the availability of specialist public sector external audit staff, and the volume of local authority audits which continued after last year's target date of completion of 30 November 2020. This background coupled with the impact of Covid-19 remote working and the need to prioritise our NHS clients given their earlier audit deadline of June 2021, means that we are behind in our local authority planning and interim work compared to our normal timings and profile of delivery.

We have noted that MHCLG has set an indicative date of 30 September 2021 for audited local authority accounts. Given the context set out above, we believe this is highly unrealistic for 2020-21 audits (but as a firm we are fully supportive of this in a 'normal' year). We are proposing to target completing our audit fieldwork on your accounts in October before signing off your accounts in November. There are no financial or reputational issues arising from having your accounts signed after the 30 September.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

12. Audit fees

In 2017, PSAA awarded a contract of audit for the Council to begin with effect from 2018-19. The fee agreed in the contract was £104,718. Since that time, there have been a number of developments, particularly in relation to the revised Code and ISA's which are relevant for the 2020-21 audit.

As referred to on page 15, the 2020-21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee. This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the FRC has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed at Appendix A.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020-21, as set out below, is detailed overleaf and has been discussed with the Chief Financial Officer. Our estimate is that for your audit, the above changes and developments will result in an increased fee of £75,500. This is in line with increases we are proposing at all our local authority audits.

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

	Actual Fee 2017-18 (KPMG) £	Actual Fee 2018-19 £	Actual Fee 2019-20 £	Proposed Fee 2020-21 £
Barnsley MBC Council Audit – PSAA Scale fee	135,998	104,718	104,718	104,718
Fee uplift	-	9,000	40,000	75,500
Total audit fees (excluding VAT)	135,998	113,718	144,718	180,218

Audit fees – detailed analysis

Scale fee published by PSAA	£104,718
Ongoing increases to scale fee first identified in 2019-20:	
Raising the bar/regulatory factors	£10,000
Enhanced audit procedures for Property, Plant and Equipment	£15,000
Enhanced audit procedures for Pensions	£10,000
Additional testing due to lower materiality	£3,000
Covid-19	£2,000
Audit fee 2019-20:	£144,718
New issues for 2020-21:	
Additional work on Value for Money (VFM) under new NAO Code	£20,500
Increased audit requirements of revised ISAs	£15,000
Local risk factors	-
Proposed increase to agreed 2019-20 fee:	£35,500
Total 2020-21 audit fees (excluding VAT):	£180,218

13. Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

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 (Revised 2019) 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.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken or undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

NOTE on Housing Benefit work:

* The £22,800 is the base fee for the 2020-21 Housing Benefit Subsidy certification. In addition, for each 40+ HB testing undertaken:

£2,255 – where the initial work is completed by the Council

£5,040 – where the work is fully undertaken by Grant Thornton

Service	Fees £	Threats	Safeguards
Audit related:			
Certification of Housing Benefit [See note below]	22,800*	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 £22,800 in comparison to the total fee for the audit of £180,218 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
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 in comparison to the total fee for the audit of £180,218 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
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 in comparison to the total fee for the audit of £180,218 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
None	-	-	-

Appendix A: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance

The following Auditing Standards and associated application guidance that were applicable to 2019-20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020-21 audits and beyond.

	Date of revision	Application to 2020-21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	✓
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	✓
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	✓
ISA (UK) 230 – Audit Documentation	January 2020	✓
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	✓
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	✓
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	✓

Appendix A: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020-21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	✓
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	✓
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	✓
ISA (UK) 570 – Going Concern	September 2019	✓
ISA (UK) 580 – Written Representations	January 2020	✓
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	✓
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	✓
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	✓

Appendix A: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020-21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	✓
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	✓
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	✓



AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME

2021/2022 Municipal Year

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	7	1
Committee Work Area	Contact / Author	02.06.21	28.07.21	15.09.21	13.10.21	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Committee Arrangements										
Committee Work Programme	AS	X	X	X		X	X	X	X	X
Minutes/Actions Arising	WW	X	X	X		X	X	X	X	X
Review of Terms of Reference	AS				X					
Self-Assessment Review	AS				X					
Internal Control and Governance Environment										
Local Code of Corporate Governance	MMc/AS						X			
Annual Governance Review Process	AS						X			
Annual Governance Statement (Draft/Final)	AS		X(D)	X(F)						
AGS Action Plan Update	AS	X		X		X		X		X
Anti-Fraud										
Annual Fraud Report	RW	X								
Corporate Anti-Fraud Strategy	RW							X		
Corporate Fraud Team - Report	RW			X				X		
Corporate Risk Management										
Risk Management Policy & Strategy	AS								X	
Annual Risk Management Report	AS	X								X
Strategic Risk Register	AS	X	X	X		X	X	X	X	X
Internal Audit										
Internal Audit Charter (Annual)	RW	X								X
Internal Audit Consultation / Plan	RW	X					X		X	X
Internal Audit Quarterly Report	RW		X			X		X		
Internal Audit Annual Report (Interim / Final)	RW	X (I)		X (F)						X
Internal Audit EQA Report	NC			X						

[illegible]

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	7	1
Committee Work Area	Contact / Author	02.06.21	28.07.21	15.09.21	13.10.21	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Business Continuity/Emergency Resilience (Annual)	MP/SD									
Procurement (Annual)	NC/CA									
Performance Management (Annual)	MP/MR						X			
Asset Management (Annual)	DS	X								
Ethical Framework (Annual)	SLa/RW									
Equality and Inclusion (Annual)	MP/HD						X			
Partnerships (Annual)	MMc									
Local Government and Social Care Ombudsman Decision on Planning Complaint	KMcA		X							
Local Government and Social Care Ombudsman Annual Letter	MP/KL			X						

Strategic Risk Presentations

Risk	SMT Lead	02.06.21	28.07.21	15.09.21	13.10.21 (Dev. Mtg.)	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Community Cohesion	WL	X								
Safeguarding Children	MJ-R		X							
SEND	MJ-R		X							
Glassworks	MG			X						
Serious Economic Downturn in Local Economy	MG			X						
Partnership and Collaboration Governance	SLa			X						
Health Protection (CV19)	JB					X				
Organisational Resilience	SLa					X				
Financial Sustainability	NC						X			
Safeguarding Adults	WL						X			
External Market in Adult Social Care Provision	WL						X			
Educational Outcomes Progress	MJ-R							X		
Consistency of Decision Making	SLa							X		

Training / Awareness Sessions

Subject / Theme	Contact / Author	02.06.21	28.07.21	15.09.21	13.10.21 (Dev. Mtg.)	17.11.21	19.01.22	16.03.22	13.04.22	01.06.22
Lessons from Public Interest Reports (Croydon & Nottingham)	GT / NC	X								
Finance Update	NC		X							
Treasury Management Presentation	IR/NC					X				
Glassworks	MG/KMc			X						
Commercial Strategy										
Council Plan										
Role of the Monitoring Officer										
SCRMCA				X						

Training and awareness sessions to be confirmed as the year progresses.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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of the Local Government Act 1972.

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