

Public Document Pack



MEETING:	Audit and Governance Committee
DATE:	Wednesday 27 July 2022
TIME:	2.00 pm
VENUE:	Council Chamber, Barnsley Town Hall

AGENDA

Procedural/Administrative Items

1. Declarations of Pecuniary and Non-Pecuniary Interest
2. Minutes (*Pages 3 - 12*)

To receive the minutes of the meeting held on 1 June 2022.

Items for Discussion/Decision

3. Draft Statement of Accounts 2021/22 (*Pages 13 - 156*)
4. Draft Annual Governance Statement 2021-22 (*Pages 157 - 186*)
5. Internal Audit Interim Annual Report 2021-22 (*Pages 187 - 208*)
6. Internal Audit Progress Report 2022/23 (*Pages 209 - 220*)
7. Strategic Concerns/Risk Register (*Pages 221 - 224*)
8. Councillor Declarations of Interest (*Pages 225 - 226*)
9. External Audit Plan 2021-22 (*Pages 227 - 256*)

Items for Information

10. Work Plan 2022-23 (*Pages 257 - 264*)
11. 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.

12. Glassworks Update
VERBAL UPDATE

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, Bandy, Mr S Gill, Mr P Johnson and Mr M Marks; together with Co-opted members Ms K Armitage, Bandy, Mr S Gill, Mr P Johnson and Mr M Marks

Sarah Norman, Chief Executive

All Executive Directors

Shokat Lal, Executive Director Core Services

Neil Copley, Service Director Financial Services (Section 151 Officer)

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

Alison Salt, Corporate Governance and Assurance Manager

Sukdave Ghuman, Service Director Law and Governance (Monitoring Officer)

Michael Potter, Service Director Business Improvement, HR and Communications

Paul Castle, Service Director Environment and Transport

Kathy McArdle, Service Director Regeneration and Culture

Phil Danforth, Principal Financial Advisor

Carly Speechley, Executive Director Children's Services

Council Governance Unit – 3 copies

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

MEETING:	Audit and Governance Committee
DATE:	Wednesday, 1 June 2022
TIME:	2.00 pm
VENUE:	Council Chamber, Barnsley Town Hall

MINUTES

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

1. MR G BANDY - INDEPENDENT MEMBER

Mr G Bandy, the newly appointed Independent Member, was welcomed to this, this first meeting of the Committee.

2. DECLARATIONS OF PECUNIARY AND NON-PECUNIARY INTEREST

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

3. MINUTES

The minutes of the meeting held on the 13th April, 2022 were taken as read and signed by the Chair as a correct record.

4. APPOINTMENT OF VICE CHAIR

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

5. APPOINTMENT OF STAFF

The following newly appointed staff were welcomed to this, their first meeting of the Audit and Governance Committee:

- Dee Beleckaite (Auditor)
- Jack Brannan (Corporate Fraud Officer)
- Ian Taylor (Corporate Fraud Officer)

6. IT GOVERNANCE AND COMPLIANCE - EXTERNAL COMPLIANCE SCHEMES FOR THE COUNCIL - PRESENTATION

Simon Marshall, Governance and Compliance Manager, made a presentation which focused on IT Governance and Compliance and on the External Compliance Schemes with which the Council worked.

In giving an overview of the compliance schemes, he explained that there were multiple schemes, some mandated by Government, some by the NHS and some by Industry. Each had individual strengths with separate Governance Arrangements and Scheme rules. He outlined the reasons for using compliance schemes together with the benefits to be achieved and then made reference to the main features,

components and requirements of the following compliance schemes used by the Council:

- PSN – Public Sector Network
- DSPT – Data Security and Protection Toolkit
- Cyber Essentials Plus
- PCI DSS – Payment Card Industry Data Security Standards

He concluded by making reference to the Industry Good Practice Models which were also used by the Council together with the benefits to be gained by their use :

- ISO Standards 27000, 28000 and 31000
- National Cyber Security Centre
- National Institute for Standards Technology (USA)
- Local Government Association
- Department for Levelling Up, Housing and Communities

In the ensuing discussion reference was made to the following:

- There was a discussion of the action that could be taken in relation to non-compliance. Further information on this would be provided to a future meeting. Information was also provided on the action being taken by the authority in 'working towards' accreditation of the various schemes. It was noted that any issues identified were appropriately escalated and addressed in a timely manner. Reference in this respect was made to the work of the Information Governance Board of the Council
- It was noted that 60% of the Team's time (comprising 6 staff) was allocated to compliance work
- The ways in which staff were kept informed of changes to IT processes and systems and how such information was disseminated was outlined
- Reference was made to the liaison arrangements in place with other authorities and organisations to share best practice and learn from other people's experiences

RESOLVED that the presentation be noted and that Mr Marshall be thanked for attending the meeting and for answering Members questions.

7. STRATEGIC CONCERNS/RISK REGISTER

Phil Hollingsworth, Service Director Communities, attended the meeting to discuss the strategic risk associated with Community Resilience and the way in which the increased strain as a consequence of economic, social, health or other factors on individual and families was addressed. Information was provided about the status of the current risk and response rating in relation to the six Actions associated with this risk and details were provided about the work that was currently being undertaken to address these actions.

He stated that the risk had recently been escalated by Senior Management Team to a red response rating due to the issues associated with the cost-of-living crisis, the ongoing situation in the Ukraine and the uncertainty and increasing pressure placed

upon Local Government. He then went on to summarise in more detail the work that was currently ongoing in order to address the actions associated with the risk.

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

- In relation to the cost-of-living crisis and the potential for the crisis to get worse, it was noted that the Service would respond to any government initiative and to every and any opportunity available in order to address issues arising. This would remain on the Council's agenda for some time to come
- There was a discussion of the 'More Money in Your Pocket' website and initiative which was just being rolled out and to the ways in which members of the public would be informed of what support was available. It was noted that front line workers were made aware that those without internet access may struggle to access support and would, therefore, ensure that appropriate referrals were made
- Information was sought as to whether or not homeworking had impacted on service delivery. The Executive Director Core Services commented that the authority had embraced hybrid working with the majority of staff working 3 days in work with 2 days at home. It was not felt that this or the previous home working arrangements had impacted on Service provision, however, if there were areas of concern these would be picked up. It was important to note, however, that some services had continued to be delivered face to face throughout the pandemic
- In response to specific questioning, Mr Hollingsworth outlined the initiatives in place both within his service and with other departments and agencies to try to ensure that those who were hard to reach or who were reluctant to seek help were offered appropriate support. An assurance was given by Linda Middlewood (Head of Service) that work was ongoing within Adult Social Care on a number of initiatives involving health providers, the Police, Age UK and others
- Arising out of the above, it was noted that a data analysis appeared to indicate that there had been an increase in terms of the numbers of people seeking to access services

Julie Chapman, Service Director Adult Social Care and Health, and Linda Middlewood (Head of Service) then discussed the strategic risk with regard to the potential for a safeguarding failure in Adult Social Care.

Whilst the service was confident that controls were in place to minimise the potential for safeguarding failures there remained a need to continually appraise these and to be able to identify any changes which may weaken current levels of assurance. Factors impacting on this, and which needed to be assessed included

- the impact of Covid 19 on families and workforce capacity which could increase workload pressures
- the increased incidence of poverty which could impact on demands for services and lead to increases in caseloads
- future financial settlements which could impact on service provision
- the pressures within the system including workload pressures which could lead to decreases in staff attendance at meetings etc.

Information was provided about the status of the current risk and the response rating in relation to the eight Actions associated with the risk and details were provided about the work that was currently being undertaken to address these actions.

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

- information was provided about the suite of metrics, indicators and data that were used to monitor risks. Examples were also given of action that could be taken under Section 42 of the Care Act 2014. Reference was also made to the types of issues encountered in this area and of the training given to staff to assist them in dealing with such issues
- there was a discussion of staff recruitment and of how applicants could be incentivised to come and work in Barnsley. Arising out of this, reference was also made to the way in which workloads, service demands and capacity were monitored
- it was noted that clients were placed in the most appropriate setting as to not do so could lead to unnecessary safeguarding risks. Information was also provided about the action that would be taken if a problem was experienced with a care home provider
- arising out of the above, reference was made to the work undertaken with various agencies including the CQC to ensure that care homes provided an appropriate level and quality of care

RESOLVED that thanks be given for the updates and the updates be noted.

8. ANNUAL RISK MANAGEMENT REPORT

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report providing a summary of 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 progress with the roll-out of the new Risk Management System that had gone 'live' on the 7th May, 2021, gave details of the support provided by the Corporate Governance and Assurance Manager, indicated the number of risks and strategic risks on the register and provided details of how these were reviewed.

The Cabinet had approved the Risk Management Policy and Framework in June 2021 and a session was planned for June 2022 to undertake a detailed review of all strategic risks. Thereafter, the Register would be shared with Cabinet on a bi-annual basis.

The report then outlined the outcome of the review of the Risk Management System which had been really positive and went on to give details of proposed future developments during 2022/23 to take account of, amongst other things, the outcome of the feedback from the evaluation, an update of risk guidance documentation, the continuing embedding of the regular review of risks into a 'business as usual' approach within management teams, the development of risk management materials

on the POD system and ensuring that organisational changes were reflected in the risk system.

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

- Following the review, work was ongoing to make system improvements, and these were being pursued with IT colleagues and with Business Intelligence Teams
- In response to specific questioning, the Head of Audit, Anti-Fraud and Assurance gave an explanation of how both strategic and non-strategic risks were identified together with the ways in which the non strategic risks were monitored to ensure that issues identified were suitably addressed. In this context reference was made to the work of SMT and individual Business Units in identifying and managing risks. Arising out of this discussion, Julie Chapman, Service Director Adult Social Care and Health, confirmed that appropriate discussions were held within Departmental Management Teams to examine existing and emerging risks in order to ensure that appropriate arrangements were in place to manage those risks
- The Head of Audit, Anti-Fraud and Assurance reported that Internal Audit (lead by Sharon Bradley (Principal Auditor)) would be undertaking an audit of the risk management arrangements shortly and this would enable a view to be taken as to how well those arrangements were embedded within the organisation

RESOLVED that the report be noted as a contribution to the assurances given in relation to the Council's governance arrangements.

9. ANNUAL GOVERNANCE STATEMENT - ACTION PLAN UPDATE

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report supporting the updated Action Plan relating to the issues identified following the Annual Governance Review for 2020/21.

The Action Plan, which was detailed within Appendix 1 to the report, had been approved alongside the Annual Governance Statement by the Committee at the meeting on the 17th November, 2021. It captured the issues identified in the 2020/21 Annual Governance Statement and included some outstanding actions carried forward from the previous year's Statement approved by the Committee on the 2nd June 2021.

Arising out of the discussion, reference was made to the Declarations of Interest required to be completed by all officers of the Authority and to the action being taken to ensure full compliance with this requirement.

RESOLVED that the progress being made against each item listed in the Annual Governance Statement Action Plan be noted.

10. 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, once approved, would be presented to the Audit Committees of the other client organisations.

The Charter had been reviewed by the assessor as part of the External Audit Quality Assessment reported to Committee in September, 2021. It had been held up as an exemplar particularly for an Internal Audit function supporting numerous clients and as such the Charter remained representative of how the Internal Audit Service operated and, therefore, no changes had been made.

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.

11. CORPORATE ANTI-FRAUD TEAM ANNUAL REPORT 2021/22

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, 2021 to 31st March, 2022

In 2021/22 the Team had a total budgeted plan of 409 days due to a team vacancy and pending restructure. Preventative anti-fraud work undertaken totalled 239 days and reactive investigations totalled 170 days. The Annual Report, which was appended, provided a summary of activity undertaken.

It was difficult to determine the impact of the Team beyond such results as the Single Person Discount (SPD) Scheme and other benefit work as much of the work was about avoiding loss although the National Fraud Initiative produced an 'Outcomes Calculation Methodology' that sought to put a value on the results of fraud avoidance work. These and other calculations were used to estimate the national impact of fraud. By reflecting on these figures, together with the periodic results from the SPD exercises, it could be demonstrated that the Team more than paid for itself every year in direct activity and also contributed additional fraud/loss avoidance through fraud awareness, training, policy review and advice.

In the ensuing discussion, the following matters were highlighted:

- Reference was made to the large fraud against the Council as reported to previous meetings. Details of this would be included within the Internal Audit Annual report submitted to the next meeting. Arising out of this, reference was made to the work of Internal Audit in relation to this fraud
- There was a discussion of the results of the 2020/21 NFI exercise and arising out of this and in response to specific questioning Joanne Race (Principal Auditor Corporate Anti-Fraud) made reference to the work undertaken which had contributed to the success in preventing fraud particularly in relation to

Covid Business Support Grants. She made reference to the way in which this work was undertaken and to the way in which Business Support Grants were issued and dealt with. In this respect, reference was made to the involvement and role of the government department in this process and to the checks and balances that were in place to try to prevent fraud.

- Arising out of the above, Sharon Bradley (Internal Audit Manager) also commented on the work her Team did in ensuring appropriate checks were in place in relation to the allocation of grants
- It was acknowledged that whilst it could not be guaranteed that some fraud had not been committed, the work of the Team had certainly ensured that it had been minimised

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.

12. DATA PROTECTION OFFICER UPDATE REPORT

The Council's Data Protection Officer (DPO) submitted a report highlighting the key areas of his work which provided the Committee with information and assurances regarding the Council's compliance with the Data Protection Act 2018 and UK General Data Protection Regulations.

The report, in outlining the DPO's activities and assurances, gave details of the areas in which he was to undertake or commission independent reviews of various aspects of Information Governance.

In summary, whilst the Committee could be assured that although there would inevitably be some data and information incidents, there was a robust and comprehensive suite of policies and guidance in place supported by a strong and committed Information Governance Team. The joint working and liaison between the DPO, Information Governance, the Senior Information Risk Officer, Customer Requests and Legal Services provided a robust basis to guide the Council in ensuring that data protection responsibilities were understood and complied with as effectively as was reasonably possible.

The DPO also confirmed that his role was properly supported, and this confirmed and gave assurance that the Council was committed to ensuring that data was dealt with responsibly and appropriately.

RESOLVED that the DPO Update report and the information and assurances it provides in contribution to the wider assurances as part of the Annual Governance Review process be noted and that a further update report be provided in six months' time.

13. EXTERNAL AUDIT PLAN

Gareth Mills (representing the External Auditor) attended the meeting virtually and provided a verbal update of the work currently being undertaken by External Audit.

Meetings had been held with the Service Director Finance and the Head of Corporate Finance and Business Partnering and work was now progressing on the 2021/22 audit with a view to having the final ISA 260 report completed in accordance with the agreed timescales for submission to this Committee and to Council in November.

He reported that the Financial Reporting Council was to undertake an inspection of the External Auditors audit work and Value for Money Work for Barnsley Council. As part of that, the FRC inspectors would speak to the Chair but Gareth Mills and Thilina De Zoysa would also speak with the Chair and relevant officers as part of that process. The results of the inspection would be shared with the Committee and with the Chair and the Service Director Finance prior to a report being submitted on the findings to this Committee later in the year.

In response to specific questioning, Gareth Mills commented on the potential implications of the 'Goodwin case' and its impact on Pension Fund accounting and for Local Government and Pension Fund Liability. Adjustments had been made in relation to the Pension Fund liability to estimate the potential impact of the court judgement and this had been updated in the 2020/21 audit report. It was noted that there were significant audit risks involved and this was subject to piece of work currently being undertaken and would again appear as part of the audit report for 2021/22.

RESOLVED that the External Auditors update report be noted.

14. AUDIT COMMITTEE WORK PLAN 2022/23

The Committee received a report providing the indicative work plan for the Committee for its proposed scheduled meetings to 26th April, 2023.

Members attention was draw to the items removed from the work plan together with the reasons for this. In addition, it was noted that the July meeting would now be held on the 27th with the meeting in November being held on the 16th.

It was noted that the item on the Glassworks and wider Town Centre update scheduled for this meeting would now be deferred to the July meeting.

A request was also made for the report on the Draft Statement of Accounts scheduled for the 27th July, 2022 meeting to be submitted earlier than the agenda despatch day as, given the complexity of the report, it would allow Members more time to study it and prepare appropriate questions. It was noted that it was hoped that this would be available by the end of June.

Reference was made to the possibility of a report being submitted on the Council's progress towards Zero Carbon. It was possible that this would be picked up as part of a discussion on a report on sustainability for which a training/awareness session was planned. It was noted that a new strategic risk on Zero Carbon and

Environmental Commitments had been discussed by SMT and a report on this was to be submitted to the April 2023 meeting. It was also noted that the Internal Audit Manager would be liaising with the Business Unit in terms of the potential scope of a planned audit review in this area.

RESOLVED that the updated Work Plan be noted.

15. 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).

16. INTERNAL AUDIT ANNUAL PLAN 2022/23

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report prefacing the Internal Audit Plan for 2022/23. The Plan had been drafted following consultation with individual Directorate Management Teams, Senior Management Team and this Committee to ensure that it was focused on priority areas and this would be proactively managed during the year with Executive Directors and Service Directors to ensure that audit resources continued to be focused on the priorities of the Council.

Appendix 1 to the report summarised the Plan by Directorate and Appendix 2 provided an outline scope of each of the planned areas of work.

Reference was made to:

- the way in which Internal Audit could explore how to facilitate and assist management undertake 'audit/review' type activity as part of an approach to make finite audit resources 'go further' and equally help management to improve their understanding of their control, risk and governance responsibilities. Arising out of this, there was a discussion of the potential advantages of such an approach and how this might be undertaken
- there was a discussion of the adoption of an 'agile' project management approach which was based on an assessment of where resources best needed to be utilised and depending on changing needs and priorities

RESOLVED:

- (i) That the Internal Audit Plan 2022/23 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.

17. CORPORATE ANTI-FRAUD TEAM - COUNTER FRAUD PLAN 2022/23

The Head of Internal Audit, Anti-Fraud and Assurance submitted a report presenting the proposed Corporate Anti-Fraud Team Plan for 2022/23 a copy of which was appended to the report.

The Plan had been developed to ensure the resources of the Team were utilised in an efficient, effective and accountable way. The work programme would be reviewed continually to reflect the fraud trends, emerging risks and the general workload.

It was noted that the Plan aimed to focus resources 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 2022/23 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.

18. UPDATE ON THE GLASSWORKS PROJECT AND WIDER TOWN CENTRE ISSUES

This item was withdrawn.

.....
Chair

BARNESLEY MBC

DRAFT STATEMENT

OF

ACCOUNTS

2021 / 22



STATEMENT OF ACCOUNTS 2021/22

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

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- **The Council's Narrative Report**

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Technical Annex A – The Council’s Accounting Policies

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

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

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

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SECTION 1

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**Barnsley
Metropolitan
Borough
Council**

**2021/22
Narrative
Report**

Introduction and Contents

This narrative report aims to outline the Council's corporate performance for the 2021/22 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 Council Plan](#)

[Our Strategies](#)

[Our Vision & Priorities](#)

[Key Performance Against Core Priorities](#)

[Our Values](#)

[Our Corporate Outcomes](#)

Our 2021/22 Financial Performance:

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

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

[2021/22 Treasury Management Overview](#)

[The Council's Summarised Balance Sheet](#)

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

[Key Projects](#)

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

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

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

Our 2021/22 Statement of Accounts:

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

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

[Post Balance Sheet Events](#)

Introducing Barnsley

Where is Barnsley?

Barnsley is a large town in **South Yorkshire**, located approximately halfway between Leeds and Sheffield. The **town centre** lies on the west bank of the Dearne Valley. **Barnsley** is surrounded by several smaller settlements which together form the **Metropolitan Borough of Barnsley**. The **borough** is dissected by the M1 motorway.



Barnsley shown within South Yorkshire

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

What is Barnsley's Profile?

The 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

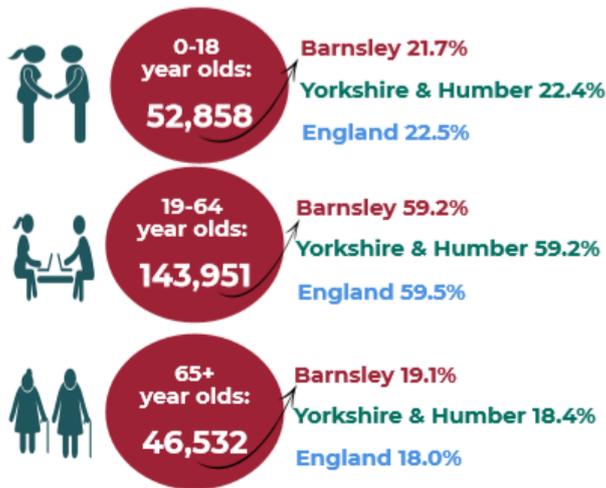
243,341 Up 4.9% since 2011

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.



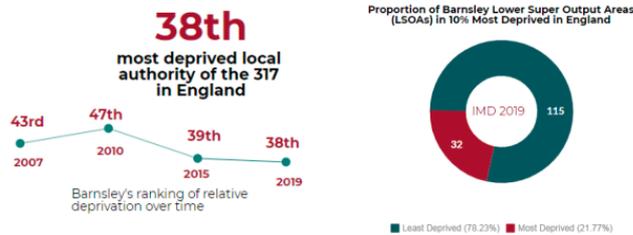
STATEMENT OF ACCOUNTS 2021/22

Age Profile and % of Total Population

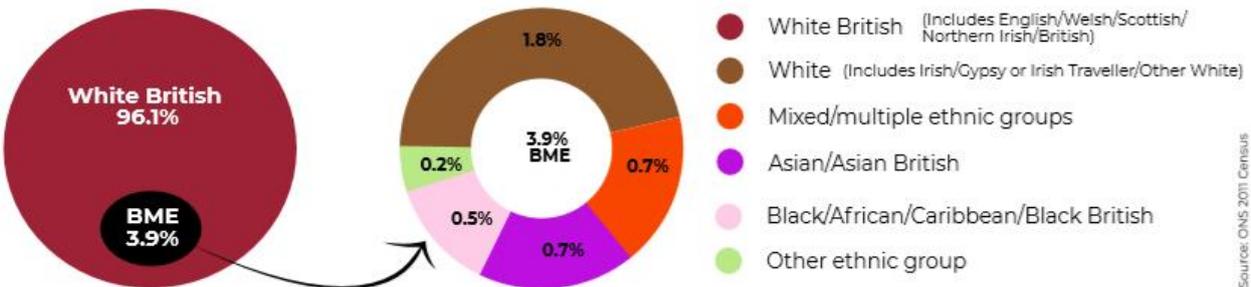


So what's the story in 2019?

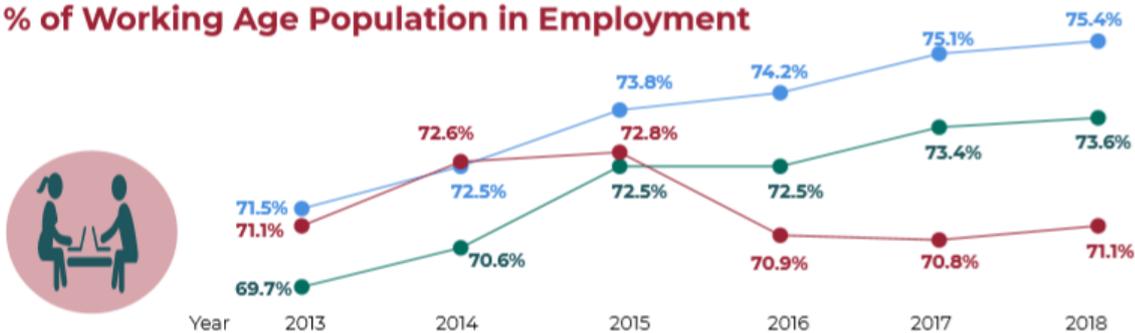
Barnsley is the **38th** most deprived area in England according to the 'average score' measure. This averages the overall deprivation scores of LSOAs within a Local Authority.



Ethnic Breakdown



% of Working Age Population in Employment



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

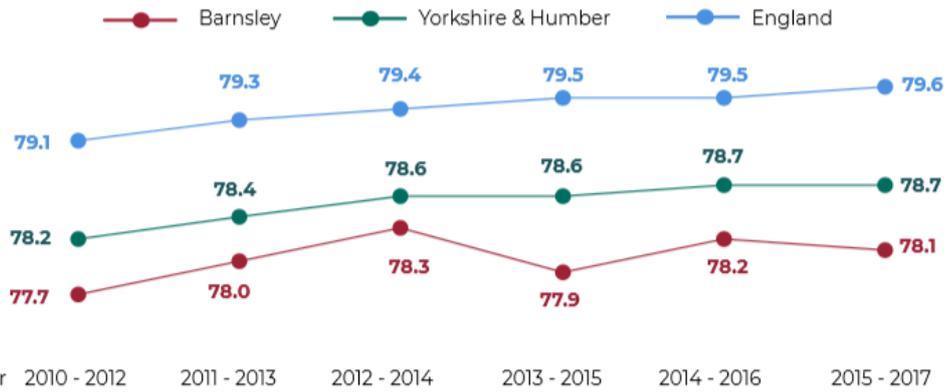
Source: ONS 2011 Census

Source: ONS annual population survey, Jan 13 - Dec 18

STATEMENT OF ACCOUNTS 2021/22

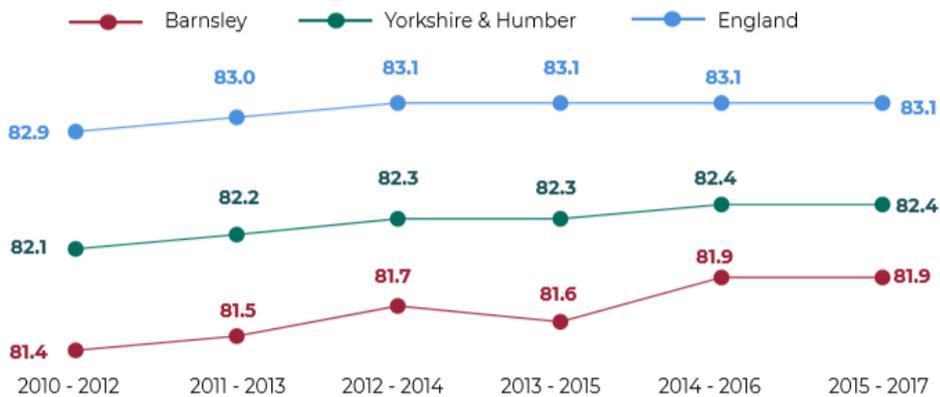
Life Expectancy at Birth

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 31/03/22

Households

Number of Houses



110,590

residential properties in Barnsley

Business Rates

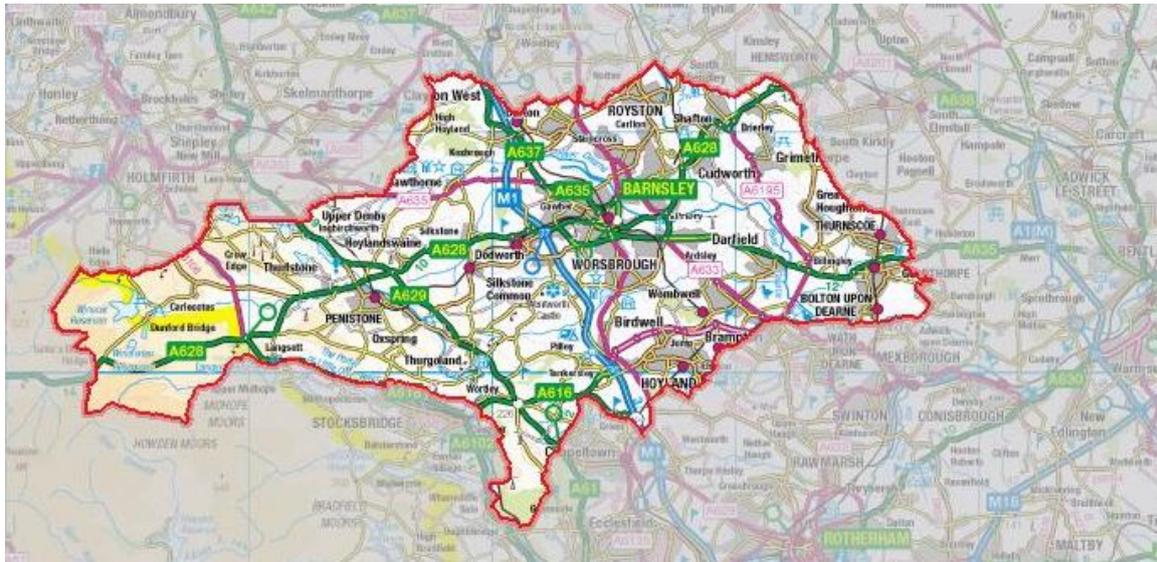


6,880

Non-domestic properties in Barnsley

STATEMENT OF ACCOUNTS 2021/22

Interactive Maps of the Borough



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

- Administration**
 - Area Councils
 - Safer Neighbourhood Teams
 - Parishes
 - Polling Districts
 - Wards
- Education**
 - Advanced Learning Centres
 - Nursery
 - Pre School
 - Primary Schools
 - Secondary Schools
 - Special Schools
- Childcare**
 - Breakfast Clubs
 - Childrens Centre
 - Out of School Clubs
- Services**
 - Customer Service Centres
 - Bring It Recycling
 - Household Waste Recycling
- Transport**
 - Bus Stops
 - Car Parks
 - Train Stations
 - Variable Message Signs
- Healthcare**
 - Dentist
 - GP Surgery
 - Hospital
 - Opticians
 - Pharmacy
- Leisure**
 - Leisure Centre
 - Library
- Winter Maintenance**
 - Primary Gritting Route
 - Grit Bins
- English Heritage**
 - Listed Buildings
 - Historic Parks & Gardens
- Residential**
 - Area to Remain Free From Development Due To Impact On Historic Environment
 - Housing Allocation
 - Site for Travellers
- Commercial / Retail**
 - District or Local Centre
 - Primary Shopping Area
 - Primary Shopping Frontage
 - Retail Park
 - Secondary Shopping Frontage
- Employment**
 - Employment Allocation
 - Land Reserved for Employment
 - Land Proposed for Mixed Use
 - Proposed School Site
- Resources**
 - Area of Search for New Minerals
 - Site Safeguarded for Mineral Extraction
 - Site with Planning Permission for Mineral Extraction
- Town Centre**
 - 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**
 - Canal - Historic Route
 - Canal - Safeguarded Route
 - Functional Floodplain (Floodzone 3b)
 - Area of Search (Wind Turbines)
 - Industrial / Business Parks
 - Moorland Fringes / Upland Pastures
 - Rolling Wooded Farmland
 - Settled Arable Slopes
- Green Belt, Greenspace & Conservation**
 - 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
 - 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](#)

Barnsley Metropolitan Borough Council

Third of council elected three years out of four



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



The Cabinet

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

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

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

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

[Committee Details](#)

Council Structure & Senior Management Team

During 2021/22, the Council was structured into four main service directorates: **Adults & Communities, Place, Children's Services & Public Health** which are supported by a central suite of **Core Services** including:

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

The 2021/22 **management structure** can be found on the Council's website and via the link below:

[Management Structure](#)

It should be noted that a whole Council and Cabinet restructure was undertaken towards the end of the financial year with formal implementation on 1st June 2022.

Our Council Plan

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

OUR COUNCIL PLAN

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

Our Key Strategies

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

OUR KEY STRATEGIES

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

Our Vision & Priorities

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

Barnsley - the place of possibilities

**Healthy
Barnsley**

**Learning
Barnsley**

**Growing
Barnsley**

**Sustainable
Barnsley**

**Enabling
Barnsley**

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

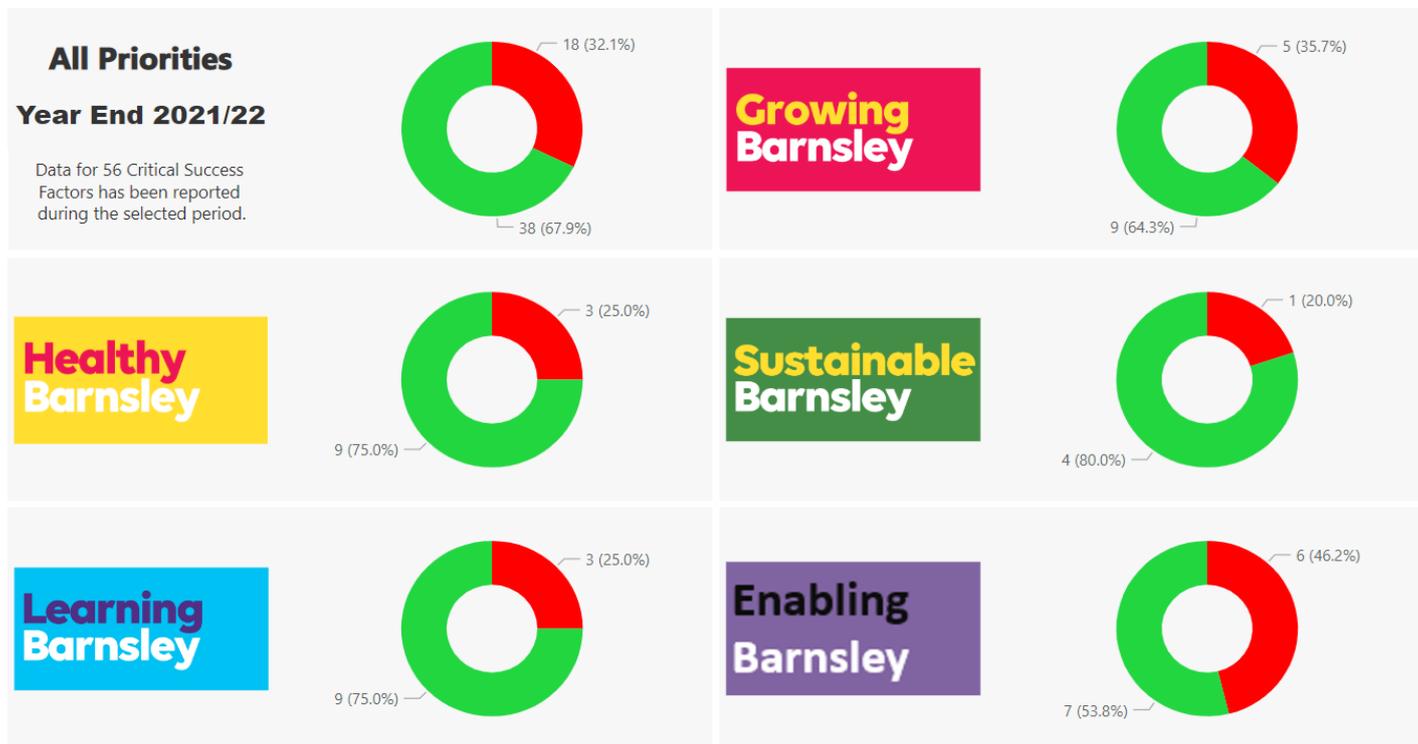
Our Corporate Outcomes

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.

Key Performance Against Priorities

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



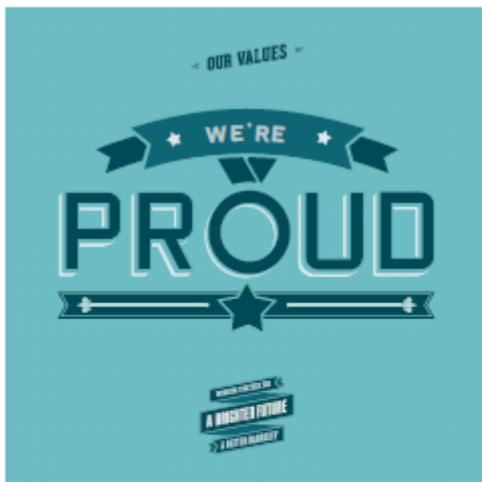
Outcome	Red	Green	Total
1. People are safe and feel safe		4	4
2. People live independently with good physical and mental health for as long as possible	3	1	4
3. We have reduced inequalities in health and income across the borough		4	4
4. People have the opportunities for lifelong learning and developing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

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

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

Our Values

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



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



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



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



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

Our 2021/22 Financial Performance

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

General Fund Executive Overview:

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

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

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

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

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

* Includes the impact of earmarked reserves

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

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

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

2021/22 Approved Budget

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

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

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

Housing Revenue Account (HRA) Executive Overview:

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

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

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

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

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

The Council's Reserves Position

Executive Summary

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

General Fund Reserves

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

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

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

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

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

Reserve Type	Description	1 st April 2021 £M	Used £M	Earmarked £M	31 st March 2022 £M
Specific Service Earmarkings	Resources held / committed for service specific purposes, including unspent grants and funding relating to projects that have been slipped into future periods	54.6	(11.8)	25.6	68.3
Capital Programme Earmarkings	Resources held / committed for the Council's capital investment programme	29.4	(3.2)	16.4	42.6
Glassworks Earmarkings	Resources held / committed for the Council's Glassworks Project	22.3	-	1.3	23.6
Revenue Investment Earmarkings	Resources held / committed for specific revenue investments as set out in the 2020/21 budget process	4.5	(2.0)	-	2.5
Other Corporate Earmarkings	Resources held / committed for corporate / cross cutting purposes, including Be Even Better	64.6	(27.1)	22.6	60.1

Reserve Type	Description	1 st April 2021 £M	Used £M	Earmarked £M	31 st March 2022 £M
	Strategy, Insurance Fund, Future Redundancy and the MRP policy				
Minimum Working Balance	Resources held as a contingency for unforeseen events	20.0	-	-	20.0
TOTAL		195.4	(44.1)	65.9 *	217.1

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

Housing Revenue Account Reserves

The level of Housing Revenue Account reserves decreased from **£31.0M** at the start of 2021/22 to **£28.8M** at the end of the financial year, a net decrease of **£2.2M** which is outlined in the table below:

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

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

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

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

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

What The Council Spent in 2021/22 (Capital)

Executive Overview:

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

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

Capital Expenditure

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

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

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

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

Capital Financing

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

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

Details of Material Assets Disposals

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

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

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

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

2021/22 Treasury Management Overview

Executive Overview:

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

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

Borrowing Overview:

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

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

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

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

Investment Overview:

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

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

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

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

Treasury Reporting

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

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

Summary of the Council's Balance Sheet

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

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

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

<u>Category</u>	<u>Movement £M</u>	<u>Explanation</u>
Non-Current Assets	Increased by 8.7	Net revaluations of assets upwards of +£12M, enhancing capital spend of +£44M, (£16M) disposals, (£37M) consumption of assets in the year (depreciation) and other increases of +£6M.
Current Assets	Increased by 82.4	Increase in investment balances +£75M relating to new borrowing, not yet spent, and other increases of +£7M.
Current Liabilities	Increased by 44.8	Borrowing repaid (£25M) offset by movement between long term and short term borrowing to reflect due date of debt +£40M, creditors increased +£23M, mainly relating to agency arrangements on behalf of Government, grants received in advance increased by +£8M and other reductions of (£1M).
Long Term Liabilities	Decreased by 99.9	Pension liabilities decrease of (£116M) as a result of change to actuarial gains in respect of update of financial assumptions, offset with new borrowing +£58M, the movement between long term and short term borrowing to reflect due date of debt (£40M) and other reductions of (£2M).
NET ASSETS / (LIABILITIES)	Increased by 146.2	
USEABLE RESERVES	Increased by 35.4	GF / HRA Reserves increased by +£19M, unspent capital receipts increased by +£8M, unspent capital grants increased by +£8M.
UNUSABLE RESERVES	Increased by 110.8	Betterment of Pensions Reserve +£117M, revaluation reserve increase by +£90M, offset by decrease to CAA (£98M), in relation to reduction of asset values, Collection Fund increased by +£7M and DSG Deficit Account showed a worsening of (£6M).
TOTAL RESERVES	Increased by 146.2	

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

Accounting Basis

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

Funding Basis

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

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

The Council's Approach to Risk Management

Executive Overview:

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

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

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

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

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

Future Spending Plans & Assessment of the Future Economic Climate

Key Documents

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

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

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

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

However, the above position was approved prior to the onset of the cost of living crisis and other significant emerging financial pressures. It is anticipated that the aforementioned gaps will have increased significantly over the period to 2025/26 and will need to be mitigated by the delivery of a fundamental, Council wide programme of transformation.

The Impact of the Coronavirus (COVID-19) Pandemic

2021/22 Financial Year

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

Area of Spend	Value £M	Description
Infection Control	7.4	Support to the Council's care providers for staffing, PPE and outbreak control
Test and Trace / Outbreak Control	3.2	Provision of intervention to prevent outbreaks across the borough including marketing and communication
Household Support / Support to Vulnerable	8.4	Support to individuals and families required to self-isolate / financial support for council tax
Additional Social Care	0.3	Additional social workers to address rising demand caused by the pandemic

Area of Spend	Value £M	Description
Waste	1.2	Additional costs of waste collection due to people being at home as well as social distancing measures at waste recycling sites
Business Support	1.5	Support to businesses within the Borough to help them recover
Other Recovery	1.8	Cost of security and cleaning to safely open public buildings
Other	0.4	Other
Total	24.2	

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

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

Our 2021/22 Statement of Accounts

The Form of the Statement of Accounts

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

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

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

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

These are explained in more detail below.

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

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

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 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

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

Changes of Accounting Policies in 2021/22

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

Post Balance Sheet Events

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

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

N COPLEY BA (HONS), CPFA.

DATE: xx

SERVICE DIRECTOR FOR FINANCE, CHIEF FINANCIAL OFFICER

SECTION 3 - STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

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

COUNCILLOR A. GARDINER

DATE:

CABINET SPOKESPERSON FOR CORPORATE SERVICES

The Chief Finance Officer's Responsibilities

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

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

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

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

N COPLEY BA (HONS), CPFA.

DATE:

SERVICE DIRECTOR FOR FINANCE, CHIEF FINANCIAL OFFICER

SECTION 4 – CORE FINANCIAL STATEMENTS

THE MOVEMENT IN RESERVES STATEMENT

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

<u>Movement in Reserves During 2021/22</u>	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Reserve	Total Useable Reserves	Total Unusable Reserves	Total Council Reserves	
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	
Balance of Reserves at 1st April 2021	195,302	30,952	17,086	19,014	11,062	273,416	(144,898)	128,518	Balance Sheet
Total Comprehensive Expenditure & Income	(80,605)	(21,231)	-	-	-	(101,836)	247,956	146,120	CI&ES
Adjustments Between Accounting Basis & Funding Basis Under Regulations	102,435	19,122	8,007	(895)	8,511	137,180	(137,180)	-	Note 3
Net Increase / (Decrease) in 2021/22	21,830	(2,109)	8,007	(895)	8,511	35,344	110,776	146,120	Note 4 & HRA
Balance of Reserves at 31st March 2022	217,132	28,843	25,093	18,119	19,573	308,760	(34,122)	274,638	Balance Sheet
	Balance Sheet	Balance Sheet	Balance Sheet / Note 5	Balance Sheet					

THE MOVEMENT IN RESERVES STATEMENT

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

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

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

Continued overleaf.

THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

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

BALANCE SHEET AS AT 31st MARCH 2022

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

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

Continued overleaf

BALANCE SHEET AS AT 31st MARCH 2021 (CONTINUED)

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

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

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

Mayor Cllr. Sarah-Jane Tattersall

Date:

CASH FLOW STATEMENT

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

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

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

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

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

THE EXPENDITURE AND FUNDING ANALYSIS (CONTINUED)

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

[Note 4 / MIRS](#)

Note A – Prior Period Adjustments

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

NOTES PRIMARILY RELATING TO THE EXPENDITURE & FUNDING ANALYSIS

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

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

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[EFA](#)

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

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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: Presentational Adjustments from Management Accounts to Financial Accounts

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

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

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

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

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

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

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

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

Note 1E: Corporate Funding / Expenditure

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

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

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

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

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

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

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.

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

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

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Adjustments between Funding and Accounting Basis per Directorate – Explanatory Notes

Note 2A: Adjustments for Capital Purposes

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

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

Note 2B: Net Change for the Pensions Adjustments

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

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

Note 2C: Other Differences

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

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

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.

Note 3

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

Note 3

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

MIRS / EFA

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

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

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

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

Note 5 – Unusable Reserves

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

[Balance Sheet](#)

Capital Adjustment Account

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

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.

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

2020/21		2021/22	
£000s		£000s	£000s
(24,780)	Balance at 1st April		(35,182)
-	Movement in the Market Value of Investment Properties Debited / Credited to the Comprehensive Income & Expenditure Statement	-	
(51)	Receipts Received Relating to Loans, Advances & Investments Made By The Council, Originally Funded From Capital Resources, Thus Reducing The Ongoing Requirement to Borrow	(80)	
(51)			(80)
(35,182)	Balance at 31st March		(133,502)

Deferred Capital Receipts Reserve

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

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

Financial Instruments Adjustment Account

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

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

Pensions Reserve

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

shortfall in benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

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

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Financial Instruments Revaluation Reserve

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

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

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

Revaluation Reserve

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

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

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

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

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Accumulated Absences Account

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

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

Collection Fund Adjustment Account

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

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

[Collection Fund](#)

Dedicated Schools Grant Deficit Adjustment Account

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

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

NOTES PRIMARILY RELATING TO THE COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Note 6 – Expenditure & Income Analysed By Nature

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

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

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

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[Note 15](#)

Segmental Expenditure & Income

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

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

TOTAL INCOME	2021/22					
	Fees, Charges & Other Service Income	Interest & Investment Income	Income From Council Tax & Non-Domestic Rates	Government Grants & Contributions	Sale Proceeds Relating to the Disposal of Assets	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	(1,578)	-	-	(96,739)	-	(98,317)
Place	(23,128)	(52)	-	(16,183)	-	(39,363)
HRA	(72,817)	(30)	-	(654)	-	(73,501)
Adults & Communities	(16,821)	-	-	(34,302)	-	(51,123)
Public Health	(378)	-	-	(8,265)	-	(8,643)
Core Services	(22,500)	(848)	-	(79,507)	-	(102,855)
Corporate Services	(5,811)	(156)	7,284	(37,325)	-	(36,008)
Exceptional Item – COVID 19	-	-	-	(23,217)	-	(23,217)
Non Directorate	-	-	(136,883)	(103,742)	(13,208)	(253,833)
Total	(143,033)	(1,086)	(129,599)	(399,934)	(13,208)	(686,860)

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

TOTAL INCOME (Prior Year Comparator)	2020/21					
	Fees, Charges & Other Service Income	Interest & Investment Income	Income From Council Tax & Non-Domestic Rates	Government Grants & Contributions	Sale Proceeds Relating to the Disposal of Assets	TOTAL
	£000s	£000s	£000s	£000s	£000s	£000s
Children's Services	(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)

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:

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

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

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

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

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

Exceptional Items

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

COVID Expenditure and Specific COVID Related Grants

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

The Council incurred COVID related costs totalling £24.2M during 2021/22 (£33.2M in 2020/21), broken down as follows:

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

Area of Spend	Value £M	Description
Other Recovery	1.8	Cost of security and cleaning to safely open public buildings
Other	0.3	
Total	24.1	

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

General COVID Related Grants

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

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

The Council Acting as an Agent on Behalf of The Government

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

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

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

School Academy Conversions

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

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

[CI&ES](#)

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

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

Note 9 – Trading Operations

Description:

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

Details of those units are as follows:

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

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

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

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Note 10 – Impairment / Revaluation Losses

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

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

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

Note 11 – Pooled Budgets

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

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

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

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

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

*SWYPFT – South & West Yorkshire Partnership Foundation Trust.

2020/21 £000s		2021/22 £000s
	Distribution of Over /(Under) Spend:	
(1,208)	BCCG	(35)
(457)	Barnsley MBC	4,041
(1,665)	Total	4,006

Income & Expenditure Account

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

Governance Arrangements

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

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

The Better Care Fund Pooled Arrangement

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

A summary of the pooled budget is shown below:

2020/21 £000s	BCF Pooled Account	2021/22 £000s
-	Balance as at 1st April	
	Contribution to the BCF Pool:	
(20,736)	Barnsley Clinical Commissioning Group	(22,844)
(16,432)	Barnsley Metropolitan Borough Council	(16,432)
(37,168)	Total	(39,276)
	Value of Commissioned Services:	
27,610	Barnsley Clinical Commissioning Group	29,208
9,558	Barnsley Metropolitan Borough Council	10,068
37,168	Total	39,276
-	Balance as at 31st March	

Explanation of Above Tables

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

Note 12 – Members’ Allowances

Description: This note shows the cost to the Council of its elected Members.

The Council paid the following amounts to members of the Council during the year:

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

Note 13 – Officers’ Remuneration & Exit Packages

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

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

Explanatory Notes:

A Post holder left their post on 31st January 2022

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

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

Explanatory Notes:

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

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

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

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

Exit Package Cost Band	Number of Redundancies	Number of Other Departures	Total Number of Exit Packages	Total Cost of Exit Packages
------------------------	------------------------	----------------------------	-------------------------------	-----------------------------

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

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

Note 14 – External Audit Costs

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

2020/21 £000s		2021/22 £000s
180	Fees Payable for External Audit Services Carried Out by the Appointed Auditor for the Year (Year End Accounts / VfM)	180
-	Additional Fees Payable for External Audit Services Carried Out by the Appointed Auditor for the Year - Agreed by PSAA	-
33	Fees Payable for the Certification of Grant Claims and Returns carried out by the Appointed Auditor for the Year	37
213	Total	217

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

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

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

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

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

2020/21 £000s		2021/22 £000s
	Credited to Taxation & Non-Specific Grant Income	
(12,954)	Revenue Support Grant	(13,026)
(32,735)	Business Rates Retention Scheme – Top Up Grant	(32,735)
(19,459)	COVID-19 – General Grants (See Table Below)	(15,555)
(24,924)	Section 31 Grant	(8,215)
(32,205)	Capital Grants	(39,498)
(3,761)	Capital Contributions	(6,672)
(126,038)	Total Credited to Taxation & Non-Specific Grant Income	(115,701)
	Credited to Services	
(47,095)	Housing Benefit Subsidy	(43,689)
(83,521)	Dedicated Schools Grant	(88,824)
(32,195)	PFI Grant	(32,195)
(4,153)	New Homes Bonus	(2,410)
(17,063)	Public Health Grant	(18,237)
(11,179)	Better Care Fund	(11,776)
(11,817)	Improved Better Care Fund	(13,055)
(7,793)	Adult Social Care Support Grant	(10,130)
(22,307)	COVID-19 – Specific Grants (See Table Below)	(23,232)
(26,667)	Other Grants	(26,590)

2020/21 £000s		2021/22 £000s
(8,567)	Other Contributions	(14,095)
(272,357)	Total Credited to Services	(284,233)
(398,395)	Total Credited to The Comprehensive Income & Expenditure Statement	(399,934)

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

Note 16 – Dedicated Schools Grant (DSG)

Description:	The Dedicated Schools Grant is a grant given to local education authorities from the Department for Education. This note details the level of Dedicated Schools Grant that the Council is in receipt of.
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DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Over and under spends on the two elements are required to be accounted for separately.

Details of the deployment of DSG receivable are as follows:

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

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

Note 17 – Related Parties

Description:	This note explains the relationships that the Council is party to including companies that the Council has an interest in.
Relevant Accounting Policies:	Accounting Policy 15 / Accounting Policy 18

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

The Public Sector**Central Government**

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

Local Authorities

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

NHS Bodies

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

Related Individuals

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 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 £25.716M as at 31st March 2022 (£39.626M as at 31st March 2021). However, as the Council considers it unlikely that this guarantee will be exercised, the £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:

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

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

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

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

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

Joint Ventures

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

Organisation	Oakwell Community Assets Ltd (OCAL)		Burleigh Court (Barnsley) Management Ltd		Barnsley Estates Partnership Ltd			
Incorporation Date	30 th September 2003		20 th May 1992		23 rd June 2003			
Council Share	50% of the share capital of the company		Ownership of shares – More than 25% but not more than 50%		10% of the share capital of the company			
Nature of the Activities	The purchase of land and buildings at Oakwell which are subsequently leased to Barnsley Football Club 2002 Ltd		Residents' property management		To provide management services to its subsidiaries, Barnsley Community Solutions Limited (Tranches 1, 2 and 3)			
Financials (P&L):	2019/20	2020/21	2019	2020	2019	2020		
Income	(138)	(150)	(9)	(4)	(3,749)	(1,204)		
Expenditure	57	34	9	4	3,610	1,082		
(Profit) / Loss	(81)	(116)	0	0	(139)	(122)		
Financials (Bal. Sheet):	2019/20	2019/20	2019	2020	2019	2020		
Assets	5,955	5,509	61	64	5,442	5,386		
Liabilities	(1,636)	(1,074)	(61)	(64)	(5,201)	(5,023)		
Net Assets	4,319	4,435	-	-	241	363		
Reserves	4,319	4,435	-	-	241	363		
Total Reserves	4,319	4,435	-	-	241	363		
Organisation	Barnsley Local Education Partnership Ltd		Modern Schools Barnsley		BDR (Property) Limited		Municipal Bonds Agency	
Incorporation Date	11 th March 2009		14 th October 2004		3 rd May 1998		3 rd June 2014	
Council Share	10% of the share capital of the company		Has significant influence on the company		6.66% of the share capital of the company		£0.010M shareholding	
Nature of the Activities	The construction and operations of 3 schools in the Barnsley area and ICT services on 11 schools		Finance, design, develop, construct and then maintain and part operate thirteen schools		Management of the joint Waste disposal at Manvers		To provide the Local Government bodies an alternative for borrowing	
Financials (P&L):	2020	2021	2019	2020	2019	2020	2019	2020
Income	(2,896)	(3,404)	(7,912)	(7,965)	(38)	(2,004)	(107)	(207)
Expenditure	2,734	3,386	7,542	7,319	1,969	677	372	809
(Profit) / Loss	(162)	(18)	(370)	(646)	1,931	(1,327)	265	602
Financials (Bal. Sheet):	2020	2021	2019	2020	2019	2020	2019	2020
Assets	4,769	4,596	24,967	23,752	-	1,892	25	781
Liabilities	(4,316)	(4,125)	(28,322)	(26,461)	(659)	(1,224)	(142)	(1,500)
Net Assets	453	471	(3,355)	(2,709)	(659)	668	(117)	(719)
Reserves	453	471	(3,355)	(2,709)	(659)	668	(117)	(719)
Total Reserves	453	471	(3,355)	(2,709)	(659)	668	(117)	(719)

Arrangements Where The Council Is Trustee

Barnsley Business and Innovation Centre Limited

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

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

Barnsley Premier Leisure

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

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

Penistone Grammar School Foundation Trust

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

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

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

Joint Arrangements:

Waste Private Finance Initiative (PFI)

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

Other Arrangements:

Agency Arrangements

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

NOTES PRIMARILY RELATING TO THE BALANCE SHEET

Note 18 – Events After The Balance Sheet Date	
Description:	This note explains any significant event that occurs following the balance sheet date.
Relevant Accounting Policies:	Accounting Policy 10

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

Note 19 – Property, Plant and Equipment

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

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

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

Depreciation:

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

Capital Commitments:

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

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

Effects of Changes in Estimates:

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

Revaluations:

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

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

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

Fair Value Measurement of Surplus Assets:

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

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

[Balance Sheet](#)

Prior Year Comparator:

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

[Balance Sheet](#)

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

Significant Observable Inputs – Level 2 – Market Approach

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

Significant Observable Inputs – Level 2 – Income Approach

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

Note 20 – Investment Properties	
Description:	Investment Properties are Council assets that are held purely for return and capital appreciation. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy 17

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

Note 21 – Heritage Assets	
Description:	Heritage Assets are Council assets that have historical, artistic, scientific, technological, geophysical or environmental qualities. This note shows the value and movement in those assets.
Relevant Accounting Policies:	Accounting Policy 13

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

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

[Balance Sheet](#)

[Balance Sheet](#)

Detail of Movements in Heritage Assets: Additions / Enhancements

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

Detail of Movements in Heritage Assets: Disposals

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

Detail of Movements in Heritage Assets: Revaluations

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

Intangible Heritage Assets

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

Further Details of Heritage Assets

Ceramics, Porcelain Work and Figurines

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

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

Art Collection

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

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

Other

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

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

Note 22 – Intangible Assets

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

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

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

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

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

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

[Balance Sheet](#)

Note 23 – Assets Held for Sale

Description:	<p>Assets Held for Sale are Council assets that are:</p> <ul style="list-style-type: none"> • Being actively marketed for sale; • Expected to sell in the next 12 months. <p>This note shows the value and movement in those assets.</p>
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2020/21 £000s	<u>Current Assets</u>	2021/22 £000s
4,108	Balance Outstanding at 1st April	8,413
4,931	Assets Newly Classified as Held for Sale: - Surplus Assets	150
68	Revaluation Gains	807
(39)	Revaluation Losses	-
-	Assets Declassified as Held for Sale: - Surplus Assets	(10)
(655)	Assets Sold	(4,696)
8,413	Balance Outstanding at 31st March	4,664

[Balance Sheet](#)

Fair Value Measurement of Assets Held for Sale:

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

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

[Balance Sheet](#)

Prior Year Comparator:

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

[Balance Sheet](#)

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

Significant Observable Inputs – Level 2 – Market Approach

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

Significant Observable Inputs – Level 2 – Income Approach

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

Note 24 – Capital Expenditure and Capital Financing

Description:	This note shows the Council's capital financing requirement (CFR), which is the underlying requirement to borrow, and how that has changed during the year.
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The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI / PPP Contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

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

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

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

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

Note 25 – Leases

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

Council as Lessee

Finance Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

31 st March 2021			31 st March 2022	
Minimum Lease Payments	Finance Lease Liabilities		Minimum Lease Payments	Finance Lease Liabilities
£000s	£000s		£000s	£000s
629	572	Not later than one year	587	547
1,955	1,891	Later than one year and not later than five years	1,512	1,488
145	145	Later than five years	0	0
2,729	2,608		2,099	2,035

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

Operating Leases

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

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

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

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

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

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

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

Council as Lessor

Finance Leases

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Academies

Community Schools

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

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

The building assets relating to the schools outlined above have been de-recognised from within the Council's Balance Sheet as a disposal for nil consideration in the year of transfer. Due to the nature of the agreements, no rental payments are due and therefore no long term debtor is recognised. The land assets in respect of the schools outlined above are treated as operating leases and remain on the Council's Balance Sheet.

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

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

Prior to conversion to Academy status, VA / VC school building assets were already held by the respective dioceses, therefore no lease exists for the building element. The Council does still hold some land in respect of some of these schools, usually in the form of playing fields. Again, the individual arrangements are dictated by the respective

circumstances. Where such arrangements exist, the lease of the land is treated as an operating lease and remains on the Council's Balance Sheet.

Academy Summary

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

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

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

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

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

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

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

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

Waste PFI

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

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

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

Property, Plant and Equipment

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

Payments

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

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

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

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

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

Note 27 – Financial Instruments

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

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

31 st March 2021			31 st March 2022		
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s	
		Investments:			
2,281	60,048	Amortised Cost	2,254	134,594	
2,000	-	Fair Value through Other Comprehensive Income - Designated Equity Instruments	2,000	-	
4,281	60,048	Total Investments	4,254	134,594	Balance Sheet
		Debtors:			
1,300	-	Loan and Finance Lease Receivables at Amortised Cost	2,527	-	
-	35,165	Other Debtors at Amortised Cost	-	42,731	
1,300	35,165	Total Debtors *	2,527	42,731	Balance Sheet
		Cash Equivalents:			
-	55,012	Amortised Cost	-	54,510	Cash Flow
-	55,012	Total Cash Equivalents **	-	54,510	Balance Sheet
5,581	150,225	Total Financial Assets	6,781	231,835	
		Borrowing:			
(628,230)	(21,788)	Amortised Cost	(653,158)	(37,307)	
(628,230)	(21,788)	Total Borrowing	(653,158)	(37,307)	Balance Sheet
		Creditors:			
-	(30,524)	Creditors at Amortised Cost	-	(46,189)	
-	(30,524)	Total Creditors *	-	(46,189)	
		Other Liabilities:			
(194,062)	(8,797)	Amortised Cost	(185,633)	(8,428)	
(194,062)	(8,797)	Total Other Liabilities	(185,633)	(8,428)	Balance Sheet
(822,292)	(61,109)	Total Financial Liabilities	(838,791)	(91,924)	Balance Sheet

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

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

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

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

Reclassifications:

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

Impairment:

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

Income, Expense, Gains and Losses:

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

Fair Values of Assets: Assets Carried at Fair Value:

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

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

Prior Year Comparator:

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

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.

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

Fair Values of Assets: Assets Not Measured at Fair Value

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

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

[Balance Sheet](#)

Prior Year Comparator:

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

[Balance Sheet](#)

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

Fair Values of Liabilities: Liabilities Not Measured at Fair Value

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

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

Recurring Fair Value Measurements Using:	Carrying Value as at 31 st March 2022 £000s	Quoted Prices in Active Markets for Identical Assets (Level 1) £000s	Other Significant Observable Inputs (Level 2) £000s	Significant Unobservable Inputs (Level 3) £000s	Fair Value as at 31 st March 2022 £000s
PWLB Borrowings	(579,616)	-	(648,237)	-	(648,237)
LOBOs	(56,651)	-	(30,813)	-	(30,813)
Temporary Loans	(52,440)	-	(52,287)	-	(52,287)
Other	(1,758)	-	(1,419)	-	(1,419)
Total Borrowing	(690,465)	-	(732,756)		(732,756)

[Balance Sheet](#)

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

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

[Balance Sheet](#)

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

Prior Year Comparator:

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

[Balance Sheet](#)

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

[Balance Sheet](#)

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

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

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

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

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

Description:

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

Financial Instruments – Risks

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

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

Overall Procedures for Managing Risk

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

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

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

Credit Risk

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

Regular Treasury Investments

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

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

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

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

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

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

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

Trade Debtors

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

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

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

Third Party Loans

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

Liquidity Risk

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

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

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

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

Refinancing Risk

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

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

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

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

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

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

Market Risk

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

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

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

Limit on Variable Rate Borrowing / Unfinanced CFR	Actual (%)	Limit (%)
Measured against the Council's overall borrowing requirement	26	35

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

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

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

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

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

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

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

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

Note 29 – Inventories

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

2020/21					2021/22			
Consumable Stores	Maintenance Materials	Client Services – Work in Progress	Total		Consumable Stores	Maintenance Materials	Client Services – Work in Progress	Total
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
109	992	-	1,101	Balance Outstanding at 1st April	120	1,066	-	1,186
806	2,148		2,954	Purchases	1,067	1,865		2,932
(795)	(2,069)		(2,864)	Recognised as an Expense in the Year	(1,005)	(1,599)		(2,604)
			-	Transfers				-
	(5)		(5)	Written off Balance		(1)		(1)
120	1,066	-	1,186	Balance Outstanding 31st March	182	1,331	-	1,513

[Balance Sheet](#)

[Balance Sheet](#)

Note 30 – Local Taxation Debtors

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

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

[Balance Sheet](#)[Balance Sheet](#)[Balance Sheet](#)[Balance Sheet](#)**Note 31 – Other Short Term Debtors**

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

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

[Balance Sheet](#)[Balance Sheet](#)[Balance Sheet](#)[Balance Sheet](#)**Note 32 – Short Term Creditors**

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

31 st March 2021 £000s		31 st March 2022 £000s
(9,950)	Trade Creditors	(11,022)
(16,778)	Other Creditors	(28,313)
(3,722)	Capital Creditors	(6,792)
(5,229)	Receipts in Advance	(3,945)
(4,104)	Payroll Creditors	(6,230)
(1,120)	NNDR	(7,432)
(4,929)	Council Tax	(4,581)
(2,097)	Other Tax & Social Security	(2,918)
(47,929)	Total	(71,233)

[Balance Sheet](#)[Balance Sheet](#)

Note 33 – Grants & Contributions Receipts in Advance

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

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

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

[Balance Sheet](#)

31 st March 2021 £000s	Current Liabilities - Revenue	31 st March 2022 £000s
	Revenue Grants Receipts in Advance:	
(209)	People - Adoption Support Fund	(43)
(8)	Place - Business Energy & Industrial Strategy Grant	-
-	Place – Community Renewal Fund	(582)
(3,535)	Various – COVID Grants	(72)
(356)	Other	(698)
(4,108)	Total Revenue Grants Receipts in Advance	(1,395)
	Revenue Contributions Receipts in Advance:	
(1,654)	Place – Section 278 Contributions	(1,537)
(407)	Place – Maintenance Agreements	(341)
(71)	People – Children’s Social Work Matters	(62)
(55)	Other	-
(2,187)	Total Revenue Contributions Receipts in Advance	(1,940)
(6,295)	Total Revenue Grants & Contributions Receipts in Advance	(3,335)

[Balance Sheet](#)

Note 34 – Provisions

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

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

[Balance Sheet](#)

Insurance Fund

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

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

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

Municipal Mutual Insurance (MMI)

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

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

South Yorkshire Trading Standards

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

Provision for Amendments to The Rating List / NNDR Appeals

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

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

Local Government Yorkshire & Humber

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

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

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

Other Provisions – Section 117 Provision

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

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

Municipal Mutual Insurance

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

Pension Guarantee – Berneslai Homes

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

Business Rate Appeals

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

Term Time Holiday Pay

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

Note 36 – Defined Contribution Pension Schemes

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

Teachers' Pensions Scheme

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

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

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

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

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

NHS Pensions Scheme

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

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

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

Note 37 – Defined Benefit Pension Schemes

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

Participation in Pension Schemes

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

The Council participates in the South Yorkshire Pension Fund. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

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

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported Net Cost of Services in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement on Reserves Statement during the year:

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

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

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

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

[Note 3](#)

[Note 3](#)

Pension Assets and Liabilities Recognised in the Balance Sheet

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

[Balance Sheet](#)

[Balance Sheet](#)

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

Reconciliation of Fair Value of the Scheme (Plan) Assets

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

Local Government Pension Scheme Assets Comprised:

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

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

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

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

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

Basis for Estimating Assets and Liabilities

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

The principal assumptions used by the actuary have been:

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

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

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

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

Other Considerations

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

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

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

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a relatively constant rate, as much as practically possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 16 years. Funding levels are monitored on an annual basis. The latest triennial valuation that the 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 £15.876M expected contributions to the scheme in 2022/23.

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

NOTES PRIMARILY RELATING TO THE CASHFLOW STATEMENT

Note 38 – Cash Flow Statement – Operating Activities

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

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

Note 39 – Cash Flow Statement – Investing Activities

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

[Cash Flow](#)

Note 40 – Cash Flow Statement – Financing Activities

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

[Cash Flow](#)

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

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

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

NOTES RELATING TO OTHER DISCLOSURES

Note 42– Trust Funds & Other Third Party Funds

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

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

The assets shown below represent the above fund balances:

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

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

SECTION 6 – ACCOMPANYING FINANCIAL STATEMENTS

THE HOUSING REVENUE ACCOUNT

HOUSING REVENUE ACCOUNT – COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

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

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

MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

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

NOTES TO THE HOUSING REVENUE ACCOUNT

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

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

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

HRA Balance Sheet Information:

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

Note B – Vacant Possession Value of Council Housing Stock

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

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

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

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

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

[Note E](#)

Note D – HRA Capital Expenditure and Capital Receipts

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

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

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

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

Note E – HRA Depreciation

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

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

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

Note F – HRA Impairments / Revaluation Losses

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

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

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

Note G – HRA Revenue Expenditure Funded from Capital Under Statute

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

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

Note H – HRA Rent Arrears

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

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

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

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

Note J – Exceptional Items

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

COLLECTION FUND

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

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

NOTES TO THE COLLECTION FUND

Note A – National Non-Domestic Rates

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

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

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

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

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

Note B – Calculation of the Council Tax Base

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

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

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

The basic amount of Council Tax for a band D property in 2021/22 was £1,875.15 (£1,813.97 for 2020/21), and was based on the tax base in the table below (65,226.24 for 2020/21):

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

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

Note C – Precepts and Demands on the Collection Fund

Description:

This note shows the demands on the collection fund from the respective organisations

2020/21 £000s	Demand per Collection Fund	2021/22 £000s
98,848	BMBC	101,763
414	Parish Precepts	437
12,953	Police Authority	13,896
4,879	Fire & Civil Defence Authority	4,962
117,094	Total Precepts	121,058

SECTION 7 - GROUP ACCOUNTS

THE GROUP MOVEMENT IN RESERVES STATEMENT

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

THE GROUP MOVEMENT IN RESERVES STATEMENT (CONTINUED)

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

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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

Continued overleaf.

THE GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CONTINUED)

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

GROUP BALANCE SHEET AS AT 31st MARCH 2021

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

Continued overleaf

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

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

GROUP CASH FLOW STATEMENT

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

Reconciliation and Analysis of Group Cash & Cash Equivalent Balances

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

NOTES TO THE GROUP ACCOUNTS

Note A – Critical Judgements

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

Note B – Group Boundary

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

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

Berneslai Homes Ltd

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

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

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

Penistone Grammar Trust

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

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

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

Joint Ventures

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

Note C - Expenditure & Income Analysed By Nature

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

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

Note D - 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:

31st March 2021			31st March 2022	
Long Term £000s	Short Term £000s		Long Term £000s	Short Term £000s
		Investments:		
2,281	57,197	Loans & Receivables at Amortised Cost	2,254	134,593
2,324	116	Unquoted Equity Investment at Fair Value through Other Comprehensive Income	2,233	117
4,605	57,313	Total Investments	4,487	134,710
		Debtors:		
1,300	196	Amortised Cost	2,527	-
1,300	196	Total Debtors **	2,527	-
		Cash Equivalents:		
-	83,157	Amortised Cost	-	63,810
-	83,157	Total Cash Equivalents *	-	63,810
5,905	140,666	Total Financial Assets	7,014	198,520
		Borrowings:		
(628,230)	(31,229)	Financial Liabilities at Amortised Cost	(653,157)	(37,307)
(628,230)	(31,229)	Total Borrowings	(653,157)	(37,307)
		Other Liabilities:		
(194,062)	(9,507)	Amortised Cost	(185,633)	(8,428)
(194,062)	(9,507)	Total Other Liabilities	(185,633)	(8,428)
(822,292)	(40,736)	Total Financial Liabilities	(838,790)	(45,735)

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

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

Note E - Debtors

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

Note F - Creditors

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

Note G - Defined Benefit Pension Schemes

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

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

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

Pension Assets and Liabilities Recognised in the Balance Sheet

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

Reconciliation of Fair Value of the Scheme (Plan) Assets

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

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

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

TECHNICAL ANNEX A

THE COUNCIL'S ACCOUNTING POLICIES

1. General Principles

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

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

2. Accruals of Income and Expenditure – General

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

- Income from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date of supply and consumption they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract; and
- Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to the Comprehensive Income & Expenditure Statement for the income which might not be collected.

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

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

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

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

4. Acquired and Discontinued Operations

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

5. Cash and Cash Equivalents

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

6. Material Items of Income and Expense / Exceptional Items

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

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

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

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

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

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

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

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

8. Charges to Revenue for Non-Current Assets

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

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

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

9. Employee Benefits

Benefits Payable During Employment

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. It is the Council's policy not to offer enhanced termination benefits.

Post-Employment Benefits

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

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

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

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

The Local Government Pension Scheme

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

1. The liabilities of the South Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of future earnings for current employees;
2. Liabilities are discounted to their value at current prices, using a discount rate of 2.6%, based on the weighted average of spot yields on AA rated corporate bonds;
3. The assets of the South Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price;
 - Unquoted securities – professional estimate;
 - Unitised securities – current bid price; and
 - Property – market value.
4. The change in the net pensions liability is analysed into the following components:

- 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.

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

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

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

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

Financial Assets Measured at Fair Value through Profit of Loss

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

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

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

12. Government Grants and Contributions

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

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

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

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

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

13. Heritage Assets (Tangible and Intangible)

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

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

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

- 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.

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).

Items of Property, Plant and Equipment recognised under finance leases are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

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

The Council as Lessor

Finance Leases

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

Subsequent lease rentals are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the long term debtor; and
- Finance income – credited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant line in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

20. Overheads and Support Services

The costs of overheads and support services are charged to the service segments in accordance with the Council's arrangement for accountability and its financial performance arrangements.

21. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and that the costs of the item can be measured reliably. Expenditure that maintains but does not add value or increase an asset's potential to deliver future economic benefits or service potential is charged as an expense to the Comprehensive Income and Expenditure Statement.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Where an asset is not fully completed and is still under construction at the balance sheet date, the cumulative historic cost at that point will be treated as an Asset Under Construction. Once the asset becomes operational in a subsequent year, the total historic cost is transferred from the Asset Under Construction category to the relevant asset category that the asset falls under. Where material, the asset will be formally revalued in line with the methodology below, in the year it becomes operational. Otherwise, the asset will be formally revalued in the year following its operational status.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

- Infrastructure Assets, Intangible Assets and Vehicles, Furniture, Plant and Equipment – depreciated historical cost;
- Assets Under Construction – historical cost;
- Council Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- School Buildings – current value, but due to their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

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

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

Assets included in the Balance Sheet at fair value are revalued with sufficient regularity to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every 5 years. The Council's policy is to review all significant assets annually to ensure that the carrying values are materially accurate.

Where assets are revalued in year, the Council's policy is to use the standard effective date of measurement of 30th September [the mid point of the financial year] which minimises the risk of any significant changes in the carrying values presenting themselves by the 31st March reporting date. Upon review at the reporting date, where material changes to the valuations have materialised since the 30th September effective date, the Council's policy is to use the more recent valuation and effective date.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

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

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

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

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

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

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

Depreciation

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

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

Category	Basis	No. Of Years
Council Dwellings	Straight Line	15 – 50
Other Buildings	Straight Line	15 – 60
Plant & Equipment (Contents)	Straight Line	3 – 24
Vehicles	Straight Line	5 – 8
Surplus Assets	Straight Line	5 – 40
Land	N/A	Infinite
Community Assets	N/A	N/A

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

In respect of the Council's dwellings, the level of depreciation is charged on a material component basis as outlined below:

Depreciation Component	Useful Economic Life
Land	Indefinite
Host / Building	50
Roof	40
Windows / Doors	35
Bathroom	30
Kitchen	20
Boiler / Heating System	15

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

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

Disposals and Non-Current Assets Held for Sale

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

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

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

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

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

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

22. Private Finance Initiative

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

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

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

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

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

outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement;

- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator; and
- Lifecycle replacement costs – expensed through the Comprehensive Income and Expenditure Statement as this expenditure has been deemed to be of a revenue nature within the contract.

23. Provisions

Provisions are made where an event has taken place which gives the Council an obligation that probably requires settlement by a transfer of economic benefits, which can be reliably estimated, but where the timing of the transfer is uncertain. For instance, the Council may be involved in a court case which could eventually result in the making of a settlement or the payment of compensation.

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

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

24. Contingent Liabilities

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

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

25. Contingent Assets

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

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

26. Reserves

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

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

27. Revenue Expenditure Funded from Capital Under Statute

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

existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so there is no impact on the level of Council Tax.

28. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is non-recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

29. Accounting for Schools

Maintained Community Schools

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

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.

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.

TECHNICAL ANNEX B

CRITICAL JUDGEMENTS AND ASSUMPTIONS / ESTIMATIONS MADE WITHIN THE ACCOUNTS

Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in [Annex A](#), the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

No	Item	Judgements
1	Leases	<p>The Council is party to a significant number of lease arrangements, both as lessee and lessor. In accounting terms, the Council has to make judgements around the substance of those leases to identify whether it has effective control of the associated assets.</p> <p>The judgement uses a number of factors such as whether the lease is for a major part of the economic life of the asset, whether the lease payments represent a significant proportion of the asset value and whether there's any clauses around the Council gaining ownership at the end of the term.</p> <p>Where the balance of assumed control resides with the Council [as lessee], the assets are accounted for as Council controlled assets, i.e., recognised on the Council's balance sheet.</p>
2	Group Accounts	<p>The Council currently produces a set of Group Accounts alongside its single entity accounts. In order to establish the entities that are included in the Council's group, there are a number of judgements around whether the Council effectively controls a number of organisations. Where the Council is judged to hold effective control, those entities are included in the Council's group boundary. For 2021/22, the Council consolidates two organisations, Penistone Grammar Trust and Berneslai Homes.</p>
3	Schools	<p>In formulating the accounts, the Council assesses each school based on its status as to determine the treatment of both the school assets, and the school's income and expenditure for the year.</p> <ul style="list-style-type: none"> • All community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. • Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally by a religious body. Similarly, the services provided [education provision] from those assets are controlled by those religious bodies. Therefore, these assets are not included on the Council's Balance Sheet. • Academies are not considered to be maintained schools in the Council's control. The land and building assets are either, not owned by the Council, or let on a long-term lease (125 years) by the Council and therefore not included on the Council's Balance Sheet.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future, or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

No	Item	Uncertainties	Effect If Actual Results Differ From Assumptions
1	Non-Current Assets - Depreciation	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the total annual depreciation charge for all non-current assets would increase by £2.3M in 2021/22 if the useful lives had been reduced by one year.
2	Non-Current Assets (Non Dwellings) - Valuations	The Council's non-current assets are required to be carried at an up to date valuation. The Council adopts a rolling programme of works that captures all assets within the recommended 5 year period. In addition to this, the Council also reviews the largest 100 assets in terms of valuation, which covers a large proportion of the total asset value.	As at 31st March 2022, there is an absence of any new and specific evidence to quantify the impact of COVID-19 on valuations of operational properties. A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties (excluding Council Dwellings) were to reduce by 10%, this would result in a combined reduction to the Revaluation Reserve and a charge to the Comprehensive Income and Expenditure Statement of approximately £18.5M.
3	Non-Current Assets (Dwellings) -Valuations	The value of the Council's housing dwellings stock is calculated using beacon properties. These valuations are then adjusted for the vacant possession value for the properties and to reflect their occupation by a secure tenant. This adjustment is considered to reflect the additional risk and liability that public sector landlords undertake when compared with private sector investors	The fair value of the Council's housing dwellings stock as at 31st March 2022 has been determined using MHCLG's Social Housing adjustment factor for Yorkshire and Humber of 41%. A 1% decrease in this adjustment factor would have resulted in reduction in valuation of approximately £17.4M.
4	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.	Both of the Council's significant provisions are based on assumptions made on potential financial liabilities for the Council. For Business Rates, the Council utilises the Valuation Office's data to assess the potential of any appeals that may present themselves. Should the provision be estimated at 5% higher, then the in year charge would increase by £0.2M. For the Insurance Fund, a list of outstanding claims is analysed with a percentage of expected rate of settlement of those claims. Should the overall provision be 5% higher, then the in year charge would increase by £0.2M.
5	Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. See Note 37 for further details.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £27.4M. However, the assumptions interact in complex ways. During 2021/22, the Council's actuaries advised that the net pension liability had increased by £115.9M as a result of estimates relating to fund assets being corrected based on experience and increased by £93.3M attributable to updating of the assumptions around pension liabilities impact of a decreased liability of £22.6M.
6	Provision for Bad Debts	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.	As at 31 st March 2022, the Council had provided for £6.3M in respect of its sundry debtors balance. Should that provision had increased by 10%, then the in year charge would increase by £0.6M

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

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		

TECHNICAL ANNEX D

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

A Council shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. A Council shall provide known, or reasonably estimable information, relevant to assessing the possible impact that application of the new IFRS will have on the Council's financial statements, including the group statements in the period of initial application. This requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2022 for 2022/23).

The standards that may be relevant for additional disclosures that will be required in the 2021/22 financial statements in respect of accounting changes that are introduced in the 2022/23 Code are:

- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS;
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard;
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material;
 - IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

None of the matters covered in the annual improvements are dealt with in detail in the 2022/23 Code as it is envisioned that there aren't likely to be any significant effects on local authority financial statements.

- Adoption of IFRS16 – Leases. The adoption of this standard was originally scheduled to be from the 1st April 2020 (for the 2020/21 financial year). Due to the impact of the COVID-19 pandemic and external auditor market, it has been subsequently deferred to 1st April 2024 [for 2024/25 accounts]. The Council has yet to quantify the potential impact of this adoption.

Subsequent years' Statement of Accounts will detail any material change in accounting policy.

TECHNICAL ANNEX E

STATUTORY SOURCES

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

Item 4

Report of the Head of Internal Audit, Anti-Fraud and Assurance

AUDIT AND GOVERNANCE COMMITTEE – 27TH JULY 2022

ANNUAL GOVERNANCE STATEMENT (DRAFT) 2021/22

1. Purpose of the report

- 1.1 This brief covering report presents the Authority's Draft Annual Governance Statement (AGS) 2021/22

2. Recommendations

- 2.1 That the Committee considers and comments on the draft AGS which reflects the governance arrangements in place and the actions arising from the annual governance review process.
- 2.2 The final AGS will be presented to the Committee at the November meeting alongside the consideration of the statutory statement of accounts, 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 meetings throughout the year.

3. Background

- 3.1 The production of an AGS is a statutory requirement as defined in the Accounts and Audit Regulation 2015. The Chartered Institute of Public Finance and Accountancy (CIPFA) provides guidance regarding the preparation of the AGS.
- 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 information and 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 2021/22 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 just 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

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Date: 18 July 2022

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Barnsley Metropolitan Borough Council

Draft Annual Governance Statement 2021/22



BARNSLEY
Metropolitan Borough Council

ANNUAL GOVERNANCE STATEMENT 2021/22

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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 2022 and up to the date of approval of the 2021/22 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 maintaining proactive management of the pandemic locally.

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

Date:

Signed:

Sarah Norman

Chief Executive

Date:

2. Actions from the Annual Governance Statement 2020/21

The 2020/21 Annual Governance Statement identified several actions to take forwards to improve areas of governance across the Council., regular updates of progress against the Action Plan have been considered by the Audit and Governance Committee.

The Action Plan at Appendix 1 captures the emerging governance matters to be reviewed during 2022/23. The Action Plan is a dynamic document and progress against the actions will continue to be reviewed by the Audit and Governance Committee.

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 prepare an Annual Governance Statement that reports on that review alongside the Statement of Accounts.

4. The Principles of Good Governance

The Council regularly reviews its governance arrangements and has 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/s70276/Code%20fo%20Corporate%20Governacne%20-%20Appendix%201.pdf>

The seven principles within the CIPFA/SOLACE (2016) Framework Delivering Good Governance in Local Government are:

- 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 2021/22. It is an objective and honest appraisal of the effectiveness of our governance framework. It identifies those areas where we recognise that further development and improvement is required to ensure that we have as effective governance arrangements as possible 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.

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 risk management system continues to be embedded across the organisation with risks being reviewed at SMT, DMT and BU levels throughout the year. The Audit and Governance Committee review strategic risks at each of their meetings, with Executive Directors attending to provide a "deep dive" into the risks they own to give assurance that strategic risks are being reviewed and managed on a regular basis. Cabinet also reviews strategic risks on a 6 monthly basis.

To support the development of the AGS the following sections reflect the activity undertaken to review the effectiveness of governance across the Council:

- An annual facilitated self-assessment assurance process with all Business Units linked to areas of the governance framework to prompt consideration of the existence and adequacy of governance arrangements during 2021/22 – this approach ensures the engagement of all Executive Directors (ED's) Service Directors (SD's) and Heads of Service (HoS) in the process of assessing governance assurance across the organisation
- The Strategic Risk Register which sets the culture and tone for the management of threats, concerns, and issues 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
- The consideration of any significant matters arising in the year.
- Recommendations from external review agencies and inspectorates

Specific governance assurance statements are provided 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 yet another challenging year for the council and country, I remain both impressed and proud of the way the organisation continues to respond to the Covid crisis and significant service pressures, and maintained good and effective governance as we

move to a more agile 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 Strategic Risk register has provided a more focused and strategic approach which further supports 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 2 years prompted us to rethink our future working arrangements, and the launch of our Smart Working Programme, which in turn, 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

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

I am satisfied that the Council's arrangements are robust in all regards and more than meet the minimum thresholds set out under statute. My view is corroborated from a number of independent sources including the AGS review process which has again identified financial management as an area of strength across the organisation, a positive self-assessment outcome against CIPFA's new statutory Financial Management Code and the External Auditor's positive feedback on the Authority's arrangements for securing Value for Money received in January of this year.

As well as providing assurance around the accounting period under consideration these arrangements have also allowed the Council to maintain a robust annual financial plan and medium-term financial strategy, facilitating long-term strategic planning whilst ensuring the Council's ongoing financial sustainability.

As reported in the 2020/21 AGS, in June 2021, the Council was a victim of a sophisticated, determined and carefully planned external fraud. I immediately instigated a fundamental review and audit into the circumstances that allowed the fraud to succeed. Controls have been further strengthened and all staff have received updated phishing / fraud awareness training; therefore, I remain satisfied that the Council has a robust framework of financial management and control in place. A significant proportion of the loss was recovered by the Police (£1M), with the remaining unrecovered balance (£0.4M) being borne by the Council's self-insurance fund that is in place to cover any uninsured losses. The Council has sufficient levels of reserves to fully mitigate the impact of the theft of £400,000 from the Council ensuring that services are unaffected.

c) Monitoring Officer

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

The demands placed on the Council's decision-making processes and the arrangements needed to support virtual meetings proved to be very successful with public engagement increasing during that time. The need to maintain absolute transparency and confidence in our governance arrangements was and remains critical to maintaining public support and confidence.

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 in the way they have again carried out their role in such demanding circumstances and continued to provide the rigour expected when seeking assurances on how the Council conducts its governance and control systems and processes.

7. Internal Audit and the Opinion on Internal Control, Risk and Governance 2021/22

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 27th July 2022:

*“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 governance, risk management and internal controls. However, the challenges that Services face continue of course and to maintain positive assurance in the future that 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 (with the Covid19 pandemic still impacting the Council), 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 governance and internal control 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 have continued to request Internal Audit input during the year to provide support and assurances that the internal 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.”

Full details of the assurance provided in this statement can be found within the Internal Audit Interim Annual Report for 2021/22, submitted to the Audit and Governance Committee on the 27th July 2022. The Head of Internal Audit's final report will be presented to the Audit & Governance Committee in November alongside the final Annual Governance Statement.

[link to report to insert]

It should be noted that the internal audit planning process and in-year management of the audit plan 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 approach to risk management and broader governance assurance. 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.

Independent assurance activity and general oversight continue to present a positive picture overall. The remit of the Information Governance Board provides a clear focus on compliance and awareness. Responses to Freedom of Information Requests and Subject Access Requests have improved significantly with virtually all being met within the agreed timescales. Significant work continues 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 the area of information governance and security remains a key aspect of governance to try and further reduce the number of data incidents. Actions identified in relation to information governance / data protection improvements 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 appointed 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 attends 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 will be presented to the Audit and Governance Committee and to full Council in November. A separate narrative commentary on the Council's value for money arrangements will also be presented to the Committee. The ISA260 report will be available in due course. [LINK TO ADD].

10. External Inspection and other Assurance Reports

The Council is subject to various external inspections by regulators. The reports from these bodies provide 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 2021/22

During 2020/21 there were 32 contacts received from the LGSCO and 2 from the Housing Ombudsman Service. Currently 3 of these we are still pending a decision. In relation to the other 31 contacts the known outcomes of these cases are as follows:

- 7 faults with injustice
- 1 fault but no injustice
- 1 no fault and no injustice
- 1 local settlement
- 9 discontinued investigations, not considering, or closed after initial enquiries
- 6 referred back to the Council to pursue

- 6 outside the jurisdiction of the LGSCO

Contacts received from the LGSCO are managed and facilitated by the Council's Customer Resolution Team and where the Council is found to be at fault actions are taken to address any issues highlighted by the services they relate to.

b) Local Government and Social Care Ombudsman - Annual Review Letter 2022

Section to be updated once annual letter received July 2022

c) Children's Services – Ofsted Inspections

There were 8 primary schools inspected during 2021/22. Three schools (Barugh Green Primary, Dodworth St Johns and Wilthorpe Primary) all received outcome ratings down on their previous Ofsted inspections, two were rated requires improvement and Dodworth St Johns was rated inadequate. Two schools received outcome ratings the same as their previous Ofsted inspection, Sandhill Primary continued to be rated requires improvement and Worsbrough Bank End continued to be rated good. Three schools (Hunningley Primary, West Meadows and Oakwell Rise) received improved outcome ratings on their previous Ofsted inspections, all are now rated good.

There was one secondary school inspected during 2021/22. Netherwood received the same outcome rating (requires improvement) as in their previous Ofsted inspection.

Barnsley College was inspected in March 2022 and received an outstanding rating the same as in their previous Ofsted inspection.

Any actions identified in inspection reports are taken forward by the schools concerned. Details of all inspections can be found on the Ofsted website – www.ofsted.gov.uk

d) Care Quality Commission (CQC)

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

- BMBC 0-19 Children's Service
- Community Enablement Services – the service consists of two distinct service types reablement service and shared live scheme.

CQC inspection of the 0-19 Children's Service in December 2021 rated the service as outstanding overall. The service has been registered with CQC since February 2017 and this was its first inspection. Positive feedback commented on many features including; good staffing levels, service users at the centre of safeguarding arrangements, proactive approaches to anticipating and managing risks, good care and treatment to families, children and young people with consistently better outcomes when compared with other similar services, effective and innovative team working, treating children, young people and their families with compassion and kindness, excellent feedback from service users, leaders at all levels were compassionate, inclusive and effective, and strategies and plans were fully aligned with plans in the wider health economy and leaders demonstrated commitment to system wide collaboration. Areas for improvement related to ensuring there is a robust process in place to minimise the risk to the diversion of prescriptions and the service should ensure they involve service users (especially young people) in the design and delivery of their services.

The Community Enablement Services were last inspected in 2018 and received an overall rating of good.

Full inspection reports can be found on the CQC website – www.cqc.org.uk

e) Joint Area SEND Inspection (Ofsted and CQC)

Barnsley's local area SEND inspection took place from the 20th to 24th September 2021. This was carried out by Ofsted and the CQC to review how well the local area meets its responsibilities for children and young people (aged 0-25) who have special educational needs and/or disability (SEND).

During the week the inspection team spoke with children, young people parents and carers, partners and stakeholders including

managers and leaders from Barnsley's education, health and social care services.

The purpose was to review how well Barnsley meets its responsibilities for children and young people (aged 0-25) who have SEND, focusing on three areas:

1. How well we identify the needs of children and young people.
2. How well we assess and meet needs of children and young people.
3. How successful we are at getting the best outcomes for children and young people with SEND.

The outcomes of the joint inspection were considered by Cabinet on 15th December 2021 and Full Council on 3rd February 2022. The inspection letter noted the significant progress which local statutory partners had made in addressing the needs of children and young people with SEND in Barnsley. However, the joint local area inspection also highlighted two areas of provision which were of significant concern, as follows:

1. The engagement of, and communication with, parents and carers. Local statutory partners need to ensure that the lived experience of families is influencing their strategic plans for services and provision.
2. Improving the identification of, and provision for, children and young people with SEND but without an Education, Health and Care Plan (EHCP).

It was determined that the local area (namely Barnsley Council and Barnsley CCG) must produce a Written Statement of Action (WSoA), to address these issues. Local areas inspected after June 2021 that are required to produce a WSoA will not receive a re-visit from Ofsted and CQC under the current inspection framework. This is because there will not have been a period of 18 months since their inspection by the time Ofsted and CQC introduce a new inspection framework. Following the introduction of the new framework, Ofsted and the CQC will determine, on an individual basis, what further visits, or inspection activity will be appropriate for these local areas.

Barnsley Council, Barnsley CCG and the Barnsley Schools Alliance, along with partners are wholly committed to getting this right, both in making and sustaining the improvements identified in the WSoA and those highlighted in the inspection report as a whole.

We are committed to ensuring that the areas of concern are addressed in full and that we build the trust and confidence of children, young people and parents/carers in Barnsley's provision and services across education, health and care.

The WSoA includes specific, time-based and measurable actions; with clear articulation of which organisation is responsible for delivering the actions, how this will be monitored and evidenced to show the achievement of the declared aims.

The WSoA and wider SEND Improvement Programme are intended to create a culture of inclusion across Barnsley. We want all children and young people to thrive, achieve positive outcomes, and be engaged in their local community, regardless of their starting point and their identified needs. We are fully committed to building on our partnerships with children, young people and parents/carers and strengthening the invaluable influence and contribution that they can offer, in shaping and delivering services. Equally, we are committed to improving early identification of need so that all children and young people with SEND in the local area get the right support and provision so that they can achieve the best outcomes.

Implementation will be governed by the system wide SEND Oversight Board and progress will be monitored and reported to the Cabinet on a quarterly basis as part of the Quarterly SEND Performance and Finance report arrangements.

f) 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 with the overall percentage of applications granted being 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.

g) Information Commissioner's Office (ICO)

During 2021/22 there were 5 cases referred to the Information Commissioners Office (1 data breach and 4 information requests). The 1 data breach resulted in 2 recommendations, both of which have been considered and implemented. Of the 4 information request referrals, 2 related to freedom of information requests, 1 related to a data protection request and 1 was a clarification

about a request. In relation to these 4 information requests, 2 decisions were partially upheld, 1 was not upheld and 1 was a request of clarification.

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 Data Protection Officer.

h) Health and Safety Executive

During 2021/22 there were no formal or informal enforcement actions (i.e., Notice of Contravention, Improvement Notice, Prohibition Notice, or prosecution) against the Council by the Health and Safety Executive.

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 2021/22.

i) Children's Services Peer Challenge

A Peer Review of Children's Services was undertaken between 28th February and 3rd March 2022. The peer team prepared by reviewing a range of documents and information, to ensure they were familiar with the Council and the challenges it is facing.

This included two days of reviewing 16 case files before the onsite work. The team then spent four days onsite at BMBC, during which they:

- Heard from over 100 people, including: children and families, lead member, chief executive, senior leadership team, front-line practitioners and managers and partners
- Observed meetings
- Read background documentation
- Undertook visits to families and settings
- Considered at least 40 live records.

The review team was impressed with arrangements for children's services in Barnsley: noting good quality social work interventions, a well embedded child centred approach to social work practice, staff who spoke positively about working for BMBC, a strong commitment to partnership working at both operational and strategic levels, timely interventions, and a strong focus on a performance driven approach with robust quality assurance management arrangements and good levels of accountability. They noted that the Council is driving for continuous improvement from a strong base and whilst there were no significant areas identified which required improvement, they provided some suggestions and observations to inform some "quick wins":

1. Strengthen evidence in documentation of the impact on improving children's lives in Barnsley
2. Review compliance approach and explore opportunities to promote greater profession and child-led autonomy
3. Robustly challenge partners when the system is not working for children
4. Complete the planned review of early help in the context of the findings from the peer challenge
5. Assure timeliness of PLO, twin-tracking and planning – both in early permanence and throughout the child's journey in care

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

The annual governance review process comprises a facilitated self-assessment with each Business Unit. This ensures that the entire organisation has had the opportunity to consider its compliance with governance processes and has the opportunity to raise any concerns about wider corporate governance arrangements.

A meeting was held with each Business Unit, led by the Service Director, and involved their Heads of Service. The meetings were thorough and robust producing an honest assessment of understanding and compliance across the various areas of governance. Internal Audit will undertake an independent 'check and challenge' review of several Business Units' self-assessment questionnaires over the summer months, to provide assurance on the responses given in the questionnaires. The results of this independent review will form part of the Head of Internal Audit's final annual report.

Areas of Strength

- Financial Management – high levels of understanding and compliance
- HR recruitment processes and HR processes 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
- 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 and focus

- Information Governance – continue to work to further reduce the number of data breaches, continually ensure high levels of staff awareness of cyber risks and overall data security across the Council
- Risk Management – ensure consistent use of the risk management approach and system
- 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 across all BU's
- Performance Management and Data Quality – continue the development of KPI's and service standards in some BU's

Efficiency / Effectiveness improvements (Actions)

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 but improves the engagement of BUs in the general drive to continuously strengthen our governance arrangements whilst ensuring they are efficient and as easy to comply with as possible. The following areas were highlighted:

- HR recruitment processes and HR processes generally – compliance is very good, but the introduction of a major new HR system will help to improve the ease of compliance and make important processes more efficient.
- Compliance with corporate procurement process is high but again, there may be opportunities to review some procurement stages and processes to improve efficiency.
- Partnership, Relationship and Collaboration Governance – continue with the work to develop a defined governance framework, guidance and reporting arrangements
- Declaration of Interest – full compliance with the completion of annual returns following the review undertaken
- Fraud awareness – continue work to ensure high levels of staff awareness and the continual assessment of fraud vulnerabilities, the roll-out of specific training to promote better general awareness and of the Council policies on fraud and corruption
- Review of mandatory training
- Health and Safety – re-introduction of Health and Safety Audits following a pause in the programme for the last 2 years due to COVID-19

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

The Governance Action Plan (Appendix 1) comprises a combination of the actions remaining in progress from previous AGSs, the areas for improvement, along with key areas for action identified in other reviews undertaken. The Audit and Governance Committee receive update reports on the action plan and can seek assurances that actions are being progressed.

- a. HR Recruitment Processes – CIPFA/SOLACE – Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it**
 - Review processes to improve efficiency and effectiveness with the introduction of a new HR system “Success Factors”

- b. Procurement** – CIPFA/SOLACE – Principle F - Managing risks and performance through robust internal control and strong public financial management
- Review of procurement systems and processes to improve efficiencies
 - Promote better awareness of the Commercial Toolkit and Strategy
- c. Partnership, Relationship and Collaboration Governance** – CIPFA/SOLACE – Principle B - Ensuring openness and comprehensive stakeholder engagement
- Develop a defined governance framework with a corporate lead for partnerships and collaborations
- d. Declaration of Interests** – CIPFA/SOLACE – Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Implementation of an improved system to record declarations of interest following a review of existing processes
- e. Fraud** – CIPFA/SOLACE – Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Continue work to maintain high levels of 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
- f. Mandatory training** – CIPFA/SOLACE - Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it
- Undertake a review of mandatory training

g. Health and Safety – CIPFA/SOLACE – Principle F - Managing risks and performance through robust internal control and strong public financial management

- Re introduction of Health and Safety Audits following a pause in the programme for the last 2 years due to COVID-19

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 on a quarterly basis 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 member of SMT as the ‘risk manager’, and any necessary actions to provide assurances allocated to Action Owners, being those senior managers best placed to take responsibility to drive the implementation of the identified actions. The current strategic risks are:

- Threat of fraud and/or cyber-attack – increased threats of fraud and cyber-attacks against the Council
- Financial sustainability – there are several significant emerging risks facing the Council (some of which are fluid and yet to be quantified) if unchecked they could pose a major threat to the Councils’ ongoing financial sustainability
- Zero carbon and environmental commitments – there are significant financial, reputational, business and community risks associated with work to ensure the Council achieves its ambition to be zero carbon by 2045.
- 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
- Meeting Care Act 2014 responsibilities – the combined impact of the pandemic, reform programme requirements and the cost-of-living crisis could cause challenges for the Council in meeting the statutory requirements of the Care Act.
- Community resilience – that individuals and families are experiencing increased strain as a consequence of the cost-of-living crisis and other social impact factors.

- Health protection emergency – e.g., Covid 19 Pandemic – ensuring robust well understood arrangements are in place to deal with any health protection emergency
- Inclusive economy – impact of Covid, accelerated downturn on the local economy, increasing inflation and impact of cost-of-living crisis adding to pressures on the local economy
- Glassworks – ensure robust governance of the project
- Potential for a safeguarding failure in Adult Social Care – maintain a focus to ensure all reasonable measures are in place and are effective
- Partnership and collaboration governance – need to have robust, well governed but flexible and responsive arrangements for partnership working
- Organisation resilience – need to understand issues around leadership, general workforce capacity and welfare and recognise that organisational resilience is not as high as it was pre pandemic – need to find ways to recover post pandemic
- Emergency resilience – need to ensure the Council has robust mechanisms to prepare for, respond to and recover from civil emergencies and business interruptions
- SEND – new controls in place and an Oversight Board established, continue to monitor delivery, cost effectiveness and satisfaction rates
- Educational outcomes progress – continue to monitor with particular focus on improving outcomes for vulnerable groups and boys

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.

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 risks from the relevant Executive Director. These presentations provide the committee with a deep dive review into the strategic risk and an opportunity to obtain an assurance from the Executive Director about the effectiveness of the mitigations and action plans in place to address the risk. Cabinet also receives six-monthly updates.

14. Impact of Coronavirus

During the period April 2021 to March 2022 there was a continued and significant impact on Council services due to the COVID-19 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 continued to be in place through a Gold and Silver Group structure, linked to the Local Resilience Forum and Barnsley 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. The response to the pandemic has highlighted an excellent collaborative approach to partnership working amongst all partner agencies.

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.

Throughout 2021/22 we continued to respond accordingly, working rapidly and effectively in collaboration with council colleagues and partners locally, regionally, and nationally. The Health Protection Board, Outbreak Control Engagement Board and Outbreak Management Group received regular updates and reports on the evolving Covid-19 situation. Our governance structures and approaches to outbreak management are well established and robust with oversight from UKHSA. At the same time, we remain flexible in response to demands as Government advice changed.

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 and using effective governance to ensure the achievement of objectives.

In particular, the impact of the pandemic forced an immediate move to more agile working for many employees. Having considered that experience, we've changed our working arrangements and launched our *Smart Working Programme*. This programme will be further reviewed to ensure it best meets our operational responsibilities and the maintenance of effective control and governance.

The Council continues to work with other organisations in many ways. The need to ensure all such relationships, whether they are formal contracts, collaborations or partnerships are effectively governed is ever more important and particularly pertinent in relation to the new integrated care system, across the local NHS organisations and Council.

The national and indeed international landscape will continue to provide further challenges to the Council in terms of exceptional inflationary pressures, supply chain problems and the particular difficulty in the recruitment and retention of staff. There are many more uncertainties that we will need to work with over the coming year and beyond. What is important therefore is the maintenance and continual review of our governance arrangements that will ensure we are in the best possible position to respond positively and responsibly to these inevitable challenges. To that end an 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.

16. Conclusion

This AGS demonstrates that the systems and processes the Council employs provide a comprehensive framework upon which to give assurance to the Council and residents of the Borough that its governance arrangements were in place during 2021/22 and into 2022/23.

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 annual review has provided an effective process to identify any governance issues and to put in place the necessary improvement actions. The annual review process and action plan demonstrates the culture of the Council to robustly challenge itself and constantly seek out opportunities to improve.

Along with every organisation in the country, the Council has been significantly impacted by the Coronavirus pandemic and more recently wider economic challenges. It is recognised that the pandemic and the wider issues will 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.

The annual review has identified, overall, that the Council continues to have an effective framework of governance. The challenging approach we take has identified areas where we want to improve further with the necessary actions being agreed. The implementation of AGS action plan will again be monitored by the Audit and Governance Committee.

DRAFT

Annual Governance Statement Action Plan

	Area Identified / Action	Lead Officer / Action Officer	Timescales
1	Workforce / HR Management <ul style="list-style-type: none"> Review processes to improve efficiency and effectiveness with the introduction of a new HR system “Success Factors” 	SD Business Improvement, HR & Communications / Head of HR and Organisational Development	December 2022
2	Procurement and Contract Management <ul style="list-style-type: none"> Through a strategic service review (over 18-24 months), explore improvements to procurement systems and processes to improve efficiencies and promote better awareness of the Commercial Toolkit and Strategy (process improvements will be identified during the strategic review) 	SD Finance / Head of Strategic Commissioning, Contracts and Procurement	April 2024
3	Partnership, Relationship and Collaboration Governance <ul style="list-style-type: none"> Develop a defined governance framework with a corporate lead for partnerships and collaborations 	SD Finance / Head of Internal Audit, Anti-Fraud and Assurance	October 2022
4	Declarations of Interest <ul style="list-style-type: none"> Implementation of an improved system to record declarations of interest following a review of existing processes 	SD Business Improvement, HR & Communications / Head of HR and Organisational Development	November 2022
5	Anti-Fraud Awareness <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 and of the Council policies on fraud and corruption 	SD Finance / Head of Internal Audit, Anti-Fraud and Assurance	October 2022

	Area Identified / Action	Lead Officer / Action Officer	Timescales
6	Corporate Mandatory Training <ul style="list-style-type: none"> Undertake a review of mandatory training 	SD Business Improvement, HR & Communications / Head of HR and Organisational Development	October 2022
7	Health and Safety <ul style="list-style-type: none"> Re-introduction of Health and Safety Audits from June 2022 following a pause in the programme for the last 2 years due to COVID-19 	SD Business Improvement, HR & Communications / Head of Corporate Health & Safety and Emergency Resilience	Throughout 2022/23 and into 2023/24

Item 5

Report of the Head of Internal Audit, Anti-Fraud and Assurance

AUDIT AND GOVERNANCE COMMITTEE – 27th JULY 2022

INTERNAL AUDIT INTERIM ANNUAL REPORT 2021-22

Executive Summary

- i. This report provides the Head of Internal Audit, Anti-Fraud and Assurance's interim annual opinion on the adequacy and effectiveness of the Authority's governance, risk management and internal control arrangements based on the work of Internal Audit for 2021-22 and has been prepared in accordance with the Public Sector Internal Audit Standards.
- ii. Considering the overall results of Internal Audit work undertaken, together with management's implementation of agreed management actions, the interim opinion given is **reasonable** (positive) assurance. This has been based upon an agreed programme of risk-based audit coverage and advisory work which has enabled a valid assurance opinion to be provided.
- iii. There is clearly a positive culture in the Council to explore where control and governance improvements can be made. It is therefore important that this culture remains and focussed on maintaining an appropriate, risk-based and effective overall framework of governance as the Council faces significant financial and operational challenges whilst continuing to work towards Barnsley 2030.
- iv. The key results from all completed audits have been reported throughout the year within the Internal Audit progress reports and are summarised in this report.
- v. The Audit and Governance Committee has also been made aware of progress in the implementation of agreed management actions.
- vi. The audit plan for 2022-23 is focussed on supporting management to consider the approach to controls in the context of the achievement of strategic objectives and priorities, and the major change / transformation programme ahead (e.g., Adults Social Care Funding Reform).

AUDIT AND GOVERNANCE COMMITTEE – 27th JULY 2022

INTERNAL AUDIT INTERIM ANNUAL REPORT 2021-22

1. Purpose of Report

- 1.1 This interim annual report has been prepared adopting recommended practice contained within the updated Public Sector Internal Audit Standards (PSIAS) which came into effect on the 1st April 2017. These Standards require the Head of Internal Audit, Anti-Fraud and Assurance (HoIA) to report to the appropriate Member body, the Audit and Governance Committee, providing an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and controls based on the work undertaken by Internal Audit.
- 1.2 In order to comply with these Standards the interim report provides:-
- i. an interim opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control;
 - ii. summary of the audit work undertaken to formulate the opinion;
 - iii. details of key control issues identified which can be used to inform the Annual Governance Statement (AGS); and
 - iv. the extent to which the work of other review or audit bodies has been relied upon.

2. Recommendations

2.1 It is recommended that the Committee:-

- i. considers the interim opinion provided by the Head of Internal Audit, Anti-Fraud and Assurance based on the work undertaken and completed relating to 2021-22 regarding the adequacy and effectiveness of the Authority's framework of governance, risk management and internal control;**
- ii. notes the key issues arising from the work of Internal Audit in the context of the Annual Governance Statement (AGS).**

3. Introduction / Background

- 3.1 In accordance with statutory best practice provided by the PSIAS, there is a requirement that the Head of Internal Audit, Anti-Fraud and Assurance (HoIA) prepares an annual report to the appropriate member body providing, amongst other things, an opinion on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control

based on the audit work undertaken. For the Authority, the appropriate member body is the Audit and Governance Committee.

- 3.2 The Accounts and Audit Regulations require all councils to publish an Annual Governance Statement (AGS) providing a narrative on the effectiveness of the Council's governance, risk management and internal control framework and the results of the annual review process and detailing any actions to be taken in respect of any identified weaknesses.
- 3.3 This report provides a summary of key issues arising from the work of Internal Audit covered in the 2021-22 audit plan, which contributes to the overall assurance opinion the HoIA is able to give the Audit and Governance Committee.
- 3.4 Although providing an important and significant contribution to the assurances the Audit and Governance Committee needs in its consideration of the AGS, this report forms only part of the assurance framework. The Committee will receive the draft Annual Governance Statement (AGS) for 2021-22 and the HoIAs final assurance report at its November meeting. The Audit Committee is therefore encouraged to consider this interim report in the context of broad governance, risk and controls assurance.
- 3.5 The financial budget for the Internal Audit Team is clearly set covering the period 1st April to 31st March each year and a plan of the days and where they are planned to be delivered is prepared similarly. However, the actual delivery of internal audit work and the constant review and revision of coverage is on a more rolling basis. In order to align the annual Internal Audit report to the AGS and the signing of the Statement of Accounts it is more appropriate that the Head of Internal Audit, Anti-Fraud and Assurance's opinion is provided reflecting all the work undertaken that relates/covers the year at the point of the approval of the AGS and statutory accounts. This inevitably includes work actually undertaken in the current financial year but which relates to the control environment in existence in the 2021-22 financial year.

4. Head of Internal Audit, Anti-Fraud and Assurance's Opinion on the Effectiveness of the Authority's Governance, Risk Management and Internal Control Environment

- 4.1 The Audit and Governance Committee has received Internal Audit progress reports throughout the audit year. In each of these reports a **reasonable** assurance opinion had been given reflecting an overall satisfactory level of internal controls and their application.
- 4.2 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.
- 4.3 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 governance, risk management and internal controls. 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 (with the Covid-19 pandemic still impacting the Council), 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 governance and internal control issues should stand the Authority in good stead to manage the risks, concerns and issues that will inevitably occur.

- 4.4 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 have continued to request Internal Audit input during the year to provide support and assurances that the internal 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.
- 4.5 It should be noted that audit work has in the main identified areas of weakness 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.
- 4.6 Section 6 of this report provides more detail regarding the results of the audit work. In summary, 63% of the completed audits resulted in a substantial or reasonable assurance opinion compared with 91% in 2020-21 and 62% in 2019-20.
- 4.7 Within the Internal Audit progress reports a number of key issues were drawn to the Committee's attention. These are summarised in Section 6.
- 4.8 An update with regards to the core financial system reviews for the 2021-22 financial year is given in paragraph 6.14.
- 4.9 Generally, the audit work in the year has found areas where controls remain good and effective. Seven "Limited" assurance opinions have been provided in 2021-22 compared to three in 2020-21. These were areas where management invited Internal Audit in to provide independent assurance into areas where it was recognised that improvements could be made.
- 4.10 Although audit work aims to cover a broad range of services, systems and areas of Council activity, it needs to be recognised that Internal Audit coverage cannot guarantee to detect all errors, systems or control weaknesses or indeed identify all of the opportunities for improvements in management arrangements that might exist. Accordingly, the assurance opinion provided is based on reasonable coverage, as resources allow, and cannot be regarded as absolute assurance. Equally, there is a responsibility of senior managers through the annual governance statement process to provide assurances to the Chief

Executive regarding the application and effectiveness of the internal control and governance framework in their operational or functional areas.

- 4.11 To remind the Committee, Internal Audit assurance opinions for individual pieces of work and overall, are classified within a range of four options, two positive and two negative. The table below shows in broad terms the basis for the different opinions applied.

	Level	Control Adequacy	Control Application
POSITIVE OPINIONS	Substantial Assurance	A robust framework of controls exists that is likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
	Reasonable Assurance	A sufficient framework of key controls exists that is likely to result in objectives being achieved, but the control framework could be stronger.	Controls are applied but with some lapses.
NEGATIVE OPINIONS	Limited Assurance	A 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 Assurance	A 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.

- 4.12 Internal Audit seeks to work closely as appropriate with other auditors, most significantly External Audit. However, for 2021-22 no work undertaken by other auditors or any other review body has been specifically relied upon in the provision of this indicative annual overall assurance opinion.

5. Summary of Internal Audit Work and Coverage 2021-22

- 5.1 Internal Audit aim to utilise a risk-based approach to planning and delivering its work. This approach seeks to ensure that the key risks facing the Authority are covered where appropriate by Internal Audit work. The audit planning process and details of the 2021-22 audit plan were considered by the Committee at its June 2021 meeting.
- 5.2 The Committee has received Internal Audit progress reports that incorporate the results of audit work and management's response on a continuous basis. A summary of the Internal Audit reports for 2021-22 is at Appendix 1.
- 5.3 At the beginning of the year provision is made in the allocation of audit resources for unplanned work, through a contingency. As requests for Audit work are received, or more time is required for jobs or changes in priorities are identified, time is allocated from this contingency. Over the last couple of years there has been a notable increase in the number of these adjustments which is

indicative of the rapidly changing nature of service and Authority-wide priorities. The 2021-22 financial year required an extremely flexible and fluid plan to enable Internal Audit to provide assurance to Senior Management that the control framework remained effective whilst the Council continued to react to and recover from the Covid-19 pandemic. Details of audit work which has been deferred, deleted or additional requests for specific pieces of work have been reported within the Internal Audit progress reports.

- 5.4 It should also be noted that Internal Audit work is variable both in its nature and timing. The risk-based approach ensures the highest priority work is undertaken. As with all plans, the audit plan was determined at a particular time (March/April 2021) utilising information available and has been subject to significant changes during the year. The Committee should be assured that within the finite resources available to Internal Audit, the key audit risks identified have either received audit attention during the year or are reflected in the audit plan for 2022-23.
- 5.5 The financial year end position for core internal audit days relating to the 2021-22 plan shows a slight under delivery of 130 days, or 12%, of the original provision. This was due to vacant posts, all of which have now been filled.

Position as at 31st March 2022 – Audit Days Delivered Relating to 2021-22 Plan

Directorate	Original 2020/21 Plan days	Revised 2020/21 Plan days	Actual days (% of revised days)
Adults & Communities	59	62	51 (82%)
Childrens Services	85	82	80 (98%)
Core Services	317	400	380 (95%)
Corporate	177	164	150 (91%)
Council Wide	255	166	148 (89%)
Place	171	158	146 (92%)
Public Health	27	27	9 (33%)
General Contingency	3	35	0
Barnsley MBC	1,094	1,094	964 (88%)
Corporate Anti-Fraud Team	409	409	395 (97%)
Barnsley MBC Internal Audit Total	1,503	1,503	1,359 (90%)
Corporate Governance & Assurance	183	183	180 (98%)
HolA role as DPO	27	27	35 (130%)
External Clients	959	959	729 (76%)
Total Chargeable Planned Days	2,672	2,672	2,303 (86%)

- 5.6 Within the resources there remains a significant amount of time needed to respond to requests for providing advice, support to services, innovation and initiatives, changes, projects and programmes, corporate change projects and

general work that does not result in a specific report. Approximately half of operational audit time is spent on work that generates a specific report. Details of the non-report work have been provided through the progress reports, but in summary have covered the following:

- Advice, Support and Challenge to Adults and Communities during its review of various Services (e.g. Carers, Transition for Children to Adults)
- Troubled Families claim verification
- Other various grant verifications
- Charity Accounts sign-off
- Advice, support and challenge at the Glassworks Board in respect of the governance, risk and control arrangements
- Advice, support and challenge at the Seam Board in respect of the governance, risk and control arrangements
- Advice, support and challenge at the Community Renewal Fund (Barnsley Boost) Board in respect of the governance, risk and control arrangements
- General advice to services in relation to controls, risk and governance
- Advice and support in relation to the Council's Information Governance arrangements, including attendance at the Information Governance Board
- A detailed follow up of the Accounts Payable review, to provide assurance that agreed management actions have been implemented (in response to the fraud identified in June 2021)
- Advice and support in relation to procurement arrangements including attendance at the Procurement Working Group
- Advice, support and challenge at the Robotics Process Automaton Board and project leads in respect of the governance, risk and control arrangements
- Advice and support to HR with regards to the SMART Working project
- Advice and support to IS during the SAP Success Factors project
- Advice and support to Core Services (BII) during the development of the Council Plan and Barnsley 2030
- Advice, support and challenge with regards to the Elsecar Heritage Railway Trust
- Feedback to and liaison with all services
- Audit and Governance Committee support
- Follow-up of agreed management actions
- Annual audit planning process
- Input to the Annual Governance Review
- Corporate whistleblowing input

5.7 Whilst the work covered in the above list has not resulted in a specific assurance opinion, all work undertaken is considered in terms of the overall indicative annual assurance provided in this annual report. Much of this work has also been considered in the 2022-23 planned coverage.

6. Summary of Internal Control Issues Arising from Internal Audit work in 2021-22

6.1 Internal Audit has completed 21 individual reviews of aspects of the Authority's internal control framework during 2021-22 that resulted in a formal report. These 21 audits sought to identify, test and review various controls to ensure

management were meeting their responsibilities to establish and adhere to appropriate systems of internal control. Two of the reviews did not provide for an assurance opinion (i.e. advisory basis).

- 6.2 It should be noted that 2 additional reviews are currently in progress. The aim is to have these concluded for inclusion in the final annual report to be presented to the Committee at its November 2022 meeting. Details are referenced within the work in progress section (appendix 3).
- 6.3 A summary of the assurance opinions given for the 19 reports issued that did provide for an assurance opinion are shown below together with a comparison to 2020-21 and 2019-20.

Assurance Opinion		2021-22		2020-21		2019-20	
		No	%	No	%	No.	%
Positive Opinions	Substantial	0	0	1	3%	0	0%
	Reasonable	12	63	29*	88%	8	62%
Negative Opinions	Limited	7	37	3	9%	5	38%
	No	0	0	0	0%	0	0%
TOTAL		19	100	33	100	13	100%

* there were 14 Covid-19 related pieces of work included in the 2020/21 audit year.

It should be noted that clearly some audit areas have a greater significance and potential impact on the overall assurance opinion, i.e. limited assurance opinions given for control weaknesses in areas with a narrow scope, limited transactions and financial value will have a lower impact on the overall opinion compared to say a major service or a core financial system receiving such an opinion.

- 6.4 Across the various completed pieces of work to date 126 implications were raised. These are summarised below:

Category	No.	%	No.	%	No.	%
	2021-22		2020-21		2019-20	
High	13	10%	6	5%	6	6%
Medium	82	65%	73	66%	64	59%
Low	31	25%	33	29%	38	35%
Total	126	100%	112	100%	108	100%

- 6.5 Of the 126 implications raised, these related to:-

- 63 (50%) control adequacy;
- 55 (44%) control application;
- 8 (6%) system efficiency.

This indicates that the work undertaken in year has resulted in half of the agreed management actions relating to improving the adequacy of the controls in place (e.g. policies, procedures, management checks), with the remaining half

relating to issues of compliance with existing controls (44%) and also more efficient ways of working (6%).

6.6 Of the 13 high implications:

- 5 were raised in the Accounts Payable review;
- 3 were raised in the Declaration of Interests (Officers) review;
- 1 was raised in the Council Tax Change in Circumstances review;
- 1 was raised in the DPO Assurance Cybersecurity review;
- 1 was raised in the Publication Scheme Compliance review;
- 1 was raised in the Childrens Social Care Lone Working review, and;
- 1 was raised in the SEND Data Quality review.

In respect of the 13 high implications above, 6 have been implemented and 7 have agreed implementation dates in the future.

Although there has been significant pressure on management throughout the year and across all services, Internal Audit has continued to get good co-operation from management across the Council and at various levels.

6.7 Details of the key issues arising from these reviews have been presented to the Committee in the Internal Audit progress reports. These findings have arisen across audit reviews ranging from specific establishments to areas of governance.

6.8 In addition to the formal audit reports attracting an assurance opinion other reports have been issued in an advisory/consultancy context. A number of these reports are the product of significant Internal Audit input and over many months in some cases. These reports also contribute to the overall assurance opinion. Such input enables Internal Audit to assist management as initiatives, projects or reviews are progressing, thus helping establish effective controls and governance from the outset. In working this way, it is made clear to management in the scoping of Internal Audit work that we remain independent from decision-making.

The major advisory reports have covered:

- Adult Social Care Governance Action Plan;
- Follow up of the Accounts Payable review;
- Robotics Process Automaton Project;
- DPO Assurance – Contract Clauses.

6.9 As stated in the Internal Audit progress reports it is important to note that the identification of control weaknesses does not necessarily indicate that any loss or inefficiency has actually occurred. Weaknesses indicate an increased *potential/risk* that losses or inefficiencies could arise.

6.10 An important part of Internal Audit's assessment of controls is undertaken through the annual reviews of the core financial systems of the Authority. This work is considered by External Audit who have regard to Internal Audit's work to assist in their opinion on the financial systems for their audit of the Accounts.

- 6.11 The core financial system reviews have been completed. It is appropriate to highlight the excellent co-operation once again received from Financial Services, particularly when considering the pressure on their resources during the reactive phase to the pandemic. A separate section on the core system reviews is given below.
- 6.12 In relation to specific establishments or other minor systems, controls are tested at a lower level to ensure the detailed operation of systems and procedures, and the use of assets and resources are effective.
- 6.13 During the year, all audit report management actions were followed-up in accordance with the current follow-up protocol. As reported through the Internal Audit progress reports, the percentage of management actions implemented by the agreed dates has not given any cause for concern, particularly when considering that the Council was still responding to the pandemic and this understandably being management's priority at that time. Appendix 4 provides a breakdown of the current status of all agreed management actions in relation to the 2021-22 planned Internal Audit activity.
- 6.14 The Committee has continued to monitor this situation. Senior management are aware of their responsibilities to implement agreed management actions to ensure any control, risk or governance weaknesses identified through internal audit work are corrected. The Senior Management Team receives quarterly monitoring reports regarding the implementation of agreed management actions and escalates action accordingly. Clearly, any significant delay in implementation or non-implementation weakens the overall control environment.

Core System Reviews

- 6.15 Overall there are 11 systems regarded as core and fundamental to the financial management of the Authority (the Insurance system has been added into the Strategy for 2022-23). Over the last few years there has been a detailed risk assessment undertaken to establish the extent of coverage each system requires given a number of factors, namely any significant changes in the system or key personnel, the audit opinion the previous audit and the results of an analytical review undertaken by Internal Audit. The outcome of this risk assessment is discussed and agreed with the Section 151 Officer. External Audit are also consulted on the risk assessment and proposed coverage.
- 6.16 The timing of these audits means that the audits completed and included in the Appendix relate to those that were scoped in the 2020/21 financial year. They were completed in 2021/22. Transactional and key control testing will cover both 2020/21 and 2021/22 financial years. The audits currently being scoped and planned will again cover both 2021/22 and 2022/23 financial years. As External Audit do not rely directly on Internal Audit work, it is no longer critical that the audit work covers the whole financial year. The assurance opinions given for each of the systems in previous years and the agreed level of coverage for 2021-22 are shown in the table below:-

Core System	Audit Coverage 2021-22*	Assurance Opinion 2020-21	Assurance Opinion 2019-20	Assurance Opinion 2018-19	Assurance Opinion 2017-18
	To be completed in 2022/23	Completed in 2021/22 (App. 1)	Completed in 2020/19	Completed in 2019/20	Completed in 2018/19
Purchase to Pay	Compliance	Advisory	Not Audited	Substantial	Adequate
Income	Compliance	Reasonable	Not Audited	Not Audited	Adequate
Council Tax	Compliance	Not Audited	Not Audited	Substantial	Not Audited
NDR	No Audit	Reasonable	Not Audited		
Housing Benefits	Compliance	Reasonable	Not Audited	Substantial	Not Audited
Pay, Employee Admin & Org. Management	Full	Reasonable	Reasonable	Not Audited	Adequate
Main Accounting	Compliance	Reasonable	Reasonable	Not Audited	Substantial
Housing Rents	Compliance ***	Reasonable	Substantial	Adequate	Substantial
Fixed Assets	Walkthrough	No Audit	Reasonable	No Audit	No Audit
Treasury Management	Compliance	Reasonable	Not Audited	Not Audited	Substantial
Insurance	Compliance	N/A	N/A	N/A	N/A

* A **Walkthrough** audit tests the end to end processes to provide assurance on the internal control framework. A **Compliance** audit includes sample testing of transactions in addition to the work undertaken in a Walkthrough. A Full audit includes wider management and supervision elements.

** A Council wide procurement compliance review has been concluded in 2020/21 (relating to 2019/20). In addition, assurance work in relation to Covid19 emergency funding covered the Purchase to Pay elements.

*** Undertaken as part of the Berneslai Homes Internal Audit Plan. A Reasonable assurance has been provided for 2021-22.

Major Fraud Incident June 2021

- 6.17 The Committee was fully apprised of the incident that occurred in June 2021, the action taken in response and the outcomes of the detailed investigations. This matter was also considered and reported on by the Council's External Auditor ISA260 Report and featured in the 2020/21 Annual Governance Statement.
- 6.18 Internal Audit has continued to provide advice, support and challenge to the Accounts Payable team in relation to the implementation of the agreed management actions arising from the Internal Audit review undertaken (final report issued in September 2021). The majority of actions have (as at 30th June 2022) been implemented and there is a clearly defined action plan with responsible officers and implementation dates recorded to proactively manage the implementation of the remaining actions, which relate in the main to the development of revised responsibilities and processes following the Finance Business Unit re-structure in June 2022. All recommendations relating to key controls have been implemented. A detailed compliance review is currently

being scoped in consultation with the Head of Finance and Service Director as part of the current year's audit plan.

- 6.19 In addition, a further targeted simulated phishing exercise was also undertaken in December 2021. All Operational Finance staff 'passed' that test, highlighting a high level of awareness of the phishing threat.

Summary of Control Issues

- 6.20 During the year the Committee has received Internal Audit progress reports that highlighted key control issues that could potentially undermine the provision of an overall positive assurance opinion for the year. The major issues that resulted in the issue of high implications in relation to particular audits were:-

- Accounts Payable – detailed review undertaken in response to the fraud identified in June 2021;
- Awareness and compliance with corporate policies (e.g. Code of Conduct – Declarations of Interest and Publication Scheme).

7. Local Area Implications

- 7.1 There are no Local Area Implications arising from this report.

8. Consultations

- 8.1 All audit reports are discussed with the main auditee. Individual audit reports are provided to the appropriate Executive and/or Service Director to apprise him/her of key issues raised and remedial actions agreed. No specific consultation has been necessary in the preparation of this annual report.

9. Compatibility with European Convention on Human Rights

- 9.1 In the conduct of investigations, Internal Audit operates under the provisions of the Data Protection Act 2018, the Human Rights Act 1998, the Regulation of Investigatory Powers Act 2000 and the Police and Criminal Evidence Act.

10. Reduction of Crime and Disorder

- 10.1 An inherent aspect of audit work is to prevent, detect and investigate incidents of fraud, theft and corruption. All pieces of audit work have fraud risks considered in their scope. Any control issues arising from audit investigations are considered to ensure improvements in overall controls. Additionally, Internal Audit ensures that, in specific instances, management takes appropriate action to minimise the risks of fraud and corruption re-occurring.

11. Risk Management Considerations

- 11.1 Whilst there are no specific risks emanating as a result of this report there are a range of risk issues worthy of consideration and note.
- 11.2 The Committee has received a detailed report on the audit plan including the basis of the plan and the utilisation of risk information. This is a critical aspect

of the audit function and seeks to ensure audit resources are targeted at the areas of the Council's business where the most significant risks have been identified.

- 11.3 There is a risk to the Authority as a whole should the Internal Audit function not be effective. This would undermine the internal control, risk and governance arrangements of the Authority and fail to provide the Committee with sufficient independent information upon which to base their assurance views upon. The provision of detailed Internal Audit progress reports during the year, plus this annual report and the report on the QAIP should act as mitigation in ensuring the Committee is in a position to constantly keep the audit function under review.
- 11.4 There is a risk to the Authority should Internal Audit not be in a position to undertake its work independently and objectively. Throughout the year, there has been no impairment of independence or objectivity.
- 11.5 There is a risk to the control and governance of the Authority if management fail to implement their agreed actions to address the implications identified during Internal audit work. In mitigation Internal Audit has introduced a more rigorous 'follow-up' process to ensure the most significant issues are implemented. This is reported to the Audit Committee within the quarterly and annual reports.

12. Employee Implications

- 12.1 There are no employee implications arising from this report.

13. Financial Implications

- 13.1 There are no financial implications arising directly from this report. The costs of the Internal Audit function and the external audit fees are included within the Authority's base budget.

14. Appendices

- 14.1 Appendix 1 - Summary of Internal Audit Reports 2021-22
Appendix 2 - Details and Outcomes of other Internal Audit Activities
Appendix 3 - Work In Progress
Appendix 4 - Agreed Management Actions
Appendix 5 – Financial Year End Performance Indicators 2021-22

15. Background Papers

- 15.1 Various Internal and External Audit reports, files and working papers.

Officer Contact: Rob Winter FCPFA
Head of Internal Audit, Anti-Fraud and Assurance
Telephone No: 07786 525319
Date: 18th July 2022

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Adults and Communities	Local Welfare Assistance / Hardship Fund 11/08/2021	Limited	H – 0 M – 4 L – 1 Control Adequacy x 3 Control Application x 2	G/R/C	Information Governance x 4 Managing People / Workforce / HR x 1	1 x Closed 3 x Not Yet Due (M) 1 x Management Assurance Process
Childrens Services	Return to Home/Care Services 27/01/2022	Reasonable	H – 0 M – 3 L – 1 Control Adequacy x 2 Control Application x 2	G/R/C	Information Governance x 2 Partnerships & Relationships x 1 Performance Management x 1	3 x Closed 1 x Management Assurance Process
Childrens Services	Lone Working 16/12/2021	Limited	H – 1 M – 6 L – 2 Control Adequacy x 4 Control Application x 5	G/R/C	Information Governance x 2 Safeguarding x 2 Legislative Compliance x 1 Managing People / Workforce / HR x 3 Partnerships & Relationships x 1	5 x Closed 2 x Not Yet Due (H/M) 2 x Management Assurance Process
Childrens Services	SEND Data Quality 17/03/2022	Limited	H – 1 M – 14 L – 0 Control Adequacy x 12 Control Application x 1 Systems Efficiency x 2	G/R/C	Performance Management x 13 Legislative Compliance x 2	4 x Closed 11 x Not Yet Due (H/M)

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Financial System 2020/21: Income 12/07/2021	Reasonable	H – 0 M – 1 L – 1 Control Adequacy x 2	C	Financial Management x 2	1 x Not Yet Due (M) 1 x Management Assurance Process
Core Services	Financial System 2020/21: Main Accounting 10/08/2021	Reasonable	H – 0 M – 2 L – 1 Control Adequacy x 1 Control Application x 2	C	Information Governance x 2 Financial Management x 1	2 x Not Yet Due (M) 1 x Management Assurance Process
Core Services	Financial System 2020/21: Treasury Management 15/06/2021	Reasonable	H – 0 M – 0 L – 2 Control Adequacy x 1 Control Application x 1	C	Financial Management x 1 Risk Management x 1	2 x Management Assurance Process
Core Services	Financial System 2020/21: Non Domestic Rates 18/08/2021	Reasonable	H – 0 M – 4 L – 2 Control Adequacy x 2 Control Application x 4	C	Information Governance x 2 Financial Management x 2 Performance Management x 2	3 x Closed 1 x Not Yet Due (M) 2 x Management Assurance Process
Core Services	Financial System 2020/21: Housing Benefits 04/08/2021	Reasonable	H – 0 M – 1 L – 1 Control Adequacy x 1 Control Application x 1	C	Information Governance x 1 Performance Management x 1	1 x Closed 1 x Management Assurance Process

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Financial System 2020/21: Payroll 12/08/2021	Reasonable	H – 0 M – 5 L – 4 Control Adequacy x 4 Control Application x 5	C	Information Governance x 3 Financial Management x 4 Managing People / Workforce / HR x 2	5 x Closed 4 x Management Assurance Process
Core Services	Council Tax - Change in Circumstances 04/08/2021	Limited	H – 1 M – 3 L – 0 Control Adequacy x 3 Control Application x 1	G/C	Performance Management x 2 Information Governance x 1 Data Protection x 1	3 x Closed 1 x Not Yet Due (M)
Core Services	Assurance Review: Accounts Payable 16/09/2021	N/A	H – 5 M – 22 L – 7 Control Adequacy x 13 Control Application x 17 Systems Efficiency x 4	G/R/C	Information Governance x 5 Managing People / Workforce / HR x 4 Legislative Compliance x 1 Performance Management x 2 Financial Management x 20 Programme / Project Management x 1 Contracts/ Procurement/ Commissioning x 1	18 x Closed 1 x Not Yet Due (H) 8 x Not Yet Due (M) 7 x Management Assurance Process

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Core Services	Covid19 – Moratorium Follow Up (SAP) 18/06/2021	Limited	H – 0 M – 1 L – 0 Control Application x 1	C	Financial Management x 1	1 x Closed
Core Services	Covid19 – Moratorium Follow Up (Procurement Cards) 18/06/2021	Reasonable	H – 0 M – 1 L – 0 Control Application x 1	C	Financial Management x 1	1 x Closed
Core Services	Data Management Policy – Compliance 19/07/2021	Reasonable	H – 0 M – 2 L – 2 Control Adequacy x 2 Control Application x 2	G/R/C	Information Governance x 4	1 x Closed 1 x Not Yet Due (M) 2 x Management Assurance Process
Core Services	DPO Assurance: Cybersecurity 14/07/2021	Reasonable	H – 1 M – 2 L – 2 Control Adequacy x 1 Control Application x 2 Systems Efficiency x 2	C	Business Continuity / Emergency Resilience x 2 Information Governance x 2 Legislative Compliance x 1	3 x Closed 2 x Management Assurance Process
Core Services	DPO Assurance: Contracts 15/11/2021	N/A	H – 0 M – 2 L – 0 Control Application x 2	C	Legislative Compliance x 2	2 x Not Yet Due (M)

Appendix 1

Directorate	Title of Audit & Date of Formal Report	Assurance Opinion	No. & Priority of Implications and Control Adequacy/ Application/ Systems Efficiency	Governance / Risk / Control	Governance Themes	Follow-up Action
Council Wide (Core Lead)	Publication Scheme – Compliance 09/02/2022	Limited	H – 1 M – 4 L – 0 Control Adequacy x 2 Control Application x 3	G/R/C	Information Governance x 5	5 x Not Yet Due (H/M)
Council Wide (Core Lead)	Declaration of Interests – Officers 16/06/2022	Limited	H – 3 M – 1 L – 0 Control Adequacy x 3 Control Application x 1	G/R/C	Information Governance x 2 Anti-Fraud & Corruption x 1 Risk Management x 1	4 x Not Yet Due (H/M)
Place	Glassworks – Contract and Performance Management 09/11/2021	Reasonable	H – 0 M – 1 L – 5 Control Adequacy x 4 Control Application x 2	G/R/C	Information Governance x 3 Performance Management x 2 Legislative Compliance x 1	1 x Closed 5 x Management Assurance Process
Public Health	Referral Processes 07/06/2022	Reasonable	H – 0 M – 3 L – 0 Control Adequacy x 3	G/R/C	Safeguarding x 2 Partnerships and Relationships x 1	3 x Not Yet Due (M)

Details and outcome of other Internal Audit activities concluded in the period

Audit Work Completed	Details	Contribution to Assurance
Adults & Communities: Troubled Families – Quarterly validation	Grant claim validation.	The work contributes to assurance in respect of financial management.
Adults & Communities: Adult Social Care Services	Advice, Support and Challenge to Adults and Communities during its review of Services.	The work contributes to assurance in respect of governance and 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 and also BAU 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/Place: Seam 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 programme 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/Place: Community Renewal Funding 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 programme 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.
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.
Core: Council Plan and Barnsley 2030	Advice and Support during the drafting and launch of the Strategic Plans.	The work contributes to assurance in respect of governance arrangements.
Place: Elsecar Heritage Trust	Advice, support and challenge with regards to the Elsecar Heritage Trust.	The work contributes to assurance in respect of governance and financial management.

Work in Progress as at 30th June 2022

Directorate & Audit Assignment	Status / Comment
Place: Highways Governance and Financial Management Arrangements	Testing on site.
Place: Active Travel	Testing on site.

Analysis of Agreed Management Actions Relating to 2021-22 Planned Internal Audit Activity

Implication Categorisation	No. of Implications	Not Yet Due – Future Implementation Date Agreed	Completed	Not yet completed – Revised date agreed	Not yet completed – Awaiting Management Update
Adults and Communities					
High	0	0	0	0	0
Medium	4	0	3	1	0
TOTAL	4	0	3	1	0
Place					
High	0	0	0	0	0
Medium	1	0	1	0	0
TOTAL	1	0	1	0	0
Childrens Services (excl. Maintained Schools)					
High	2	1	0	1	0
Medium	23	11	12	0	0
TOTAL	25	12	12	1	0
Maintained Schools					
High	0	0	0	0	0
Medium	0	0	0	0	0
TOTAL	0	0	0	0	0
Core					
High	11	4	6	1	0
Medium	51	5	29	17	0
TOTAL	62	9	35	18	0
Public Health					
High	0	0	0	0	0
Medium	3	3	0	0	0
TOTAL	3	3	0	0	0
OVERALL TOTAL	95	24	51	20	0
%		25	54	21	0

Internal Audit Performance Indicators - Quarter Four 2021/22

Ref.	Indicator	Frequency of Report	Target 2021/22	This Period (Q4)	Year to Date
1.	<u>Customer Perspective:</u>				
1.1	Percentage of questionnaire 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%	75%	73%
2.3	Average number of days lost through sickness per FTE	Quarterly	6 days	0 days	0.26 day
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

Item 6

Report of the Head of Internal Audit, Anti-Fraud and Assurance

AUDIT AND GOVERNANCE COMMITTEE – 27th JULY 2022

INTERNAL AUDIT PROGRESS REPORT 2022/23

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 2022 to 26th June 2022.

2 Background information

- 2.1 The Audit and Governance 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 the 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 and Governance 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 2022/23 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 own risk register includes the following risks which are relevant to this report:

- Need to ensure ongoing compliance with public sector internal audit standards
- Implementing a new structure for IA that provides the right level of skill, expertise and experience
- Capacity issues - keeping up with the pace of change

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: 07786 525319

Date: 18th July 2022

Barnsley Metropolitan Borough Council

Internal Audit Progress Report

Audit and Governance Committee

27th July 2022

INTERNAL AUDIT PROGRESS REPORT 2020/21

1st April 2022 to 26th June 2022

Purpose of this report

This report has been prepared to inform the Audit and Governance Committee on the Internal Audit activity for the period 1st April 2022 to 26th June 2022, bringing attention to matters that are relevant to the responsibilities of the Committee.

The report also provides information regarding the performance of the Internal Audit function during the period.

2022/23 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 26th June 2022 – Audit Days Delivered

Directorate	Original 2022/23 Plan days	Revised 2022/23 Plan days	Actual days (% of revised days)
Adults	48	48	10 (21%)
Childrens Services	63	63	4 (6%)
Core Services	402	402	40 (10%)
Council Wide	163	163	41 (25%)
Place	179	179	43 (24%)
Public Health & Communities	28	28	8 (29%)
General Contingency	17	17	0 (0%)
Barnsley MBC	900*	900	146 (16%)
Corporate Anti-Fraud Team	645	645	106 (16%)
Barnsley MBC Internal Audit Total	1,545	1,545	252 (16%)

Corporate Governance & Assurance	255	255	43 (17%)
HolA role as DPO	25	25	6 (24%)
Corporate Days (Council related activity)	315	315	80 (25%)

External Clients	885	885	198 (22%)
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Total Chargeable Planned Days	3,025	3,025	579 (19%)
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* as reported at the Committee's June 2022 meeting, the Internal Audit plan is currently under resourced by circa 180 days. This will be proactively managed throughout the financial year with Senior Management to ensure that resources continue to be focussed on the strategic priority areas.

Position as at 26th June 2022 – Plan Assignments

Directorate	2022/23 plan assignments	Assignments expected to be completed to date	Actual Assignments completed to Date	Actual assignments completed in Period
Adults & Communities	0	0	0	0
Childrens Services	1	0	0	0
Core Services	17	0	0	0
Council Wide (Cross Cutting)	4	1	1	1
Place	6	2	0	0
Public Health	2	1	1	1
Total	30	4	2	2

NB – formal audits resulting in a report only - excludes advisory, grants etc where no report required. The two Place related reviews (Active Travel and Highways Governance and Financial arrangements) are almost completed.

Changes to the 2022/23 Internal Audit Plan

There have been no changes to the Internal Audit plan during this period.

Final Internal Audit reports issued

We have finalised 2 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 the reports:

Directorate- Audit Assignment	Assurance Opinion	Number of Management Actions Agreed:			Total	Agreed
		High	Medium	Low		
Council wide (Core Lead): Declarations of Interest	Limited	3	1	0	4	4
Public Health: Referral Processes	Reasonable	0	3	0	3	3
Total		3	4	0	7	7

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 was 1 audit report issued during the period that had a limited assurance opinion.

Declarations of Interest (Officers):

The audit reviewed the governance framework in place to enable employees to declare and managers to consider and mitigate against any potential conflict of interest, with sample testing being undertaken of arrangements in directorates/business units. The audit found that the requirements of the Code of Conduct were not being consistently met, with few service areas

completing the prescribed templates to ensure that potential conflicts were declared and appropriately managed. Grant Thornton's Annual Report 2020/21 (issued 7 March 2022) also identified the need to improve the consistency of the recording and review of employees' declarations of interest.

The review identified an opportunity to improve the management of potential staff conflicts of interest by potentially incorporating an annual declaration and review process within the annual P&DR process. As part of this process, declarations and their review by line managers and approved mitigating actions could be recorded, stored and reported upon electronically, avoiding the need for paper declaration forms and registers and providing a ready source of MI on where potential conflicts have been declared across the authority, and the level of compliance with the Declaration of Interest policy.

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
Adults: Social Care Funding Reforms Board Attendance and Digital Project Assurance	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the Council can consider and then react/comply with the funding reform requirements.	The work contributes to assurance in respect to governance and financial management.
Adults: Integrated Care	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist to provide a robust framework upon which the Council can consider and then react/comply with the joint care provision requirements.	The work contributes to assurance in respect to governance and financial management.
Adults: Social Care Governance Action Plan	To provide advice, support and challenge to management during the review of various services (e.g. carers, transition from children to adults).	The work contributes to assurance in respect to governance and financial management.
Childrens Services: Supported 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 / Place: SEAM 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 programme 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.

Audit Work Completed	Details	Contribution to Assurance
Core / Place: Community Renewal Fund 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 pilot 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: HR Policy	To provide advice, support and challenge to management during the review of corporate policies and procedures (including development of a policy framework).	The work contributes to assurance in respect to governance.
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.
Place: Glassworks Future Management	To support management in completing a draft management assurance framework to assist in self assessing the current governance arrangements and identify areas for improvement.	The work contributes to assurance in respect to contract management, governance and financial management.
Place: Assurance - Berneslai Homes	Provide independent and objective assurance that effective and efficient risk, control and governance arrangements exist.	The work contributes to assurance in respect to governance and financial management.

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; • Vendor Task and Finish Group; • SMART Working / Managers Toolkit; • Barnsley 2030 / Council Plan Working Group.
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 Stage		
	Audit Planning	Work in Progress	Draft Report
Adults – Funding Reform (Advisory)		✓	
Adults – Integrated Care (Advisory)		✓	
Adults – ASC Governance Action Plan (Advisory)		✓	
Core – CFIT Complaints (Advisory)		✓	
Core – Corporate Decision Making (Advisory)		✓	
Core – HR Policy Framework/Review (Advisory)		✓	
Core / Place – PRIP Contract (Advisory)		✓	
Place – Active Travel		✓	
Place – CRF Contract and Performance Management		✓	
Place – Elsecar Heritage Trust		✓	
Place – Highways Financial and Governance Arrangements		✓	
Place – Glassworks Management Assurance Framework (Advisory)		✓	
Childrens – Disabled Children Direct Payments	✓		
Childrens / Core – SEND Deficit Recovery and Improvement Plan	✓		
Childrens / Core – Placement Sufficiency Plan	✓		
Core – Purchase to Pay	✓		
Core – Income	✓		
Core – Main Accounting	✓		
Core – Treasury Management	✓		
Core – Council Tax	✓		
Core – Housing Benefits	✓		
Core – Payroll	✓		
Core – Fixed Assets	✓		
Core – Insurance Arrangements	✓		
Core – Housing Support Grant Arrangements (Interim/Final Claim)	✓		
Core – People Strategy	✓		
Council Wide – AGR Review Process	✓		
Council Wide – Data Retention and Records Management	✓		
Council Wide – Strategic Risk, Concerns and Issues Management	✓		
DPO Assurance – Incident Management	✓		
DPO Assurance – Cybersecurity	✓		
DPO Assurance – DPIA Follow Up	✓		
Place – Zero Carbon	✓		

Follow-up of Internal Audit report agreed management actions

As previously reported to the Committee, 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 agreed management actions by Directorate where the original target implementation date was due for completion during the period:

Implication Categorisation	Followed Up 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	5	4	1	0
TOTAL	5	4	1	0
Childrens Services (excl. Maintained Schools)				
High	1	0	0	1
Medium	1	0	1	0
TOTAL	2	0	1	1
Maintained Schools				
High	0	0	0	0
Medium	0	0	0	0
TOTAL	0	0	0	0
Core				
High	3	2	1	0
Medium	20	4	16	0
TOTAL	23	6	17	0
Public Health				
High	0	0	0	0
Medium	0	0	0	0
TOTAL	0	0	0	0
OVERALL TOTAL	30	10	19	1
% of TOTAL		33	63	4

Internal Audit performance indicators and performance feedback for Quarter 1 - 2022/23

Internal Audit's performance against a number of indicators is not yet due for quarter one of 2022-23. The performance for quarter four of 2021-22 is included within the Head of Internal Audit's Annual report, which is included on the Committee's agenda.

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
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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 – 27th July 2022

STRATEGIC CONCERNS / RISK REGISTER

1. Purpose of the report

- 1.1 It was agreed at the Audit and Governance Committee meeting in March 2021 that the Committee will have a regular opportunity for a “deep dive review” of some of the strategic risks with the appropriate Executive Director / Service Director in attendance to update and assure the Committee on the management of their risks
- 1.2 Two strategic risks will be considered at this meeting:
 - Potential Death of a Child/Safeguarding Failure in Children’s Services – Executive Director Children’s Services
 - SEND – Executive Director 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 15 risks. Using the system of risk assessment, SMT have determined that 6 risks be classified as **high** (red response rating*) 9 risks be classified as **medium** (amber rating) and no risks are classified as **low** (green rating) in relation to the level of response and intervention required.

* The response rating reflects the degree of urgency and importance of the interventions and management oversight rather than the inherent risk.

- 3.2 The actions associated with the 2 risks to be considered in the meeting are included in the attached summary in Appendix 1.
- 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: 18th July 2022

Strategic Risks to be reviewed in the meeting – July 2022

Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
<p>Potential death of a child / safeguarding failure in children's services</p>	<p>Risk Description:</p> <p>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 have increased need and demands for services, increasing caseloads, which presents a risk. 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.</p> <p>Risk Assessment:</p> <p>Need to continually appraise the controls to minimise the potential for the death of a child or a safeguarding failure.</p> <p>Action 1 Assurance that the suite of policies and procedures are in place, that they are routinely updated twice yearly and immediately where required. Robust review is undertaken by the BSCP Policy and Procedure Subgroup under the governance of the BSCP. RAG rating – Green</p> <p>Action 2 Suite of metrics, indicators and data exists to be able to identify changes in society and the economy that could impact on the risks to safeguarding. RAG rating – Green</p> <p>Action 3 Staff workloads are adequately monitored to ensure consistency and the adherence to good practice with strong, proactive recruitment and retention initiatives to avoid vacancies and reduced caseloads. RAG rating – Red</p>	Potential	Potential	High	ED Children's Services

Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
	<p>Action 4 Changes in working arrangements (due to Covid 19) are fully assessed to ensure the continuity of services and that they remain effective. RAG rating – Complete</p> <p>Action 5 Multi agency arrangements are robust, adequately governed and effective. The Safeguarding Partnership arrangements that oversee these are fit for purpose and regularly reviewed. RAG rating – Green</p> <p>Action 6 A JTAI inspection was held in May 2022 and the outcome will be published in July 2022. The inspection found no priority actions for the Partnership and an ILACS inspection was not triggered. The fundings will be implemented in full and overseen by the Barnsley Safeguarding Children’s Partnership. RAG rating – Green</p>				
SEND	<p>Risk Description:</p> <p>The Joint Area SEND Inspection (2021) sets out progress made and areas for improvement. The SEND Improvement Programme is addressing the Written Statement of Action (WSAO) which was submitted to Ofsted by the deadline of the 28/2/2022 and approved. The strategic, multi-agency SEND Oversight Board provides governance, oversight and improvement capacity to ensure all actions are completed in a timely way. Quarterly performance and finance reports are provided to Council SMT and Cabinet. The WSOA ensures a clear focus on the two key areas of weakness identified during the inspection: improving parent engagement and influence on strategic decision making and the early identification, support and improved outcomes of children receiving SEN support in local provision, avoiding escalation of need and out of borough placements.</p> <p>Risk Assessment:</p> <p>Ensure accelerated progress against the WSOA and implementation of the Improvement Programme which addresses areas for improvement identified in the SEND Inspection.</p>	Potential	Potential	Medium	ED Children’s Services

Risk Title	Risk Description	Impact	Status	Response Rating	SMT Owner
	<p>Action 1 Assurance that the SEND Improvement Programme adheres to statutory guidance and requirements, including the SEND Code of Practice and Children and Families Act. RAG rating – Green</p> <p>Action 2 Multiagency arrangements are robust and adequately governed and effective, and the Oversight Board arrangements are fit for purpose and regularly reviewed. RAG rating – Green</p> <p>Action 3 Strengthen and build consistent and effective co-production, engagement, and participation, strengthening the strategic engagement and influence of parent carers. RAG rating – Amber</p> <p>Action 4 Robust and timely financial monitoring and reporting is in place. RAG rating – Green</p> <p>Action 5 Increase the number of children receiving SEN support in local provision supported by early identification of need, leading to long term positive outcomes. RAG rating – Red</p>				

Item 8

Report of the Head of Internal Audit, Anti-Fraud and Assurance

AUDIT AND GOVERNANCE COMMITTEE – 27TH JULY 2022

COUNCILLOR DECLARATIONS OF INTEREST

1. Purpose of the Report

- 1.1 This brief report confirms to the Audit and Governance Committee of the Council's compliance with the requirements for Councillors to submit annual declarations of interest.

2. Recommendation

- 2.1 It is recommended that the Committee obtain assurances regarding the Council's compliance with this important element of public accountability.**

3. Background

- 3.1 Under the Localism Act 2011 all Councillors are required to provide the Council's Monitoring Officer with their declarations of interest, at least annually including where a Councillor does not have any.
- 3.2 Furthermore, there is also a legal requirement for any newly elected Councillors to provide the Monitoring Officer with their declarations of interests within 28 days of being elected.
- 3.3 In all cases, Councillor declarations of interest are required to be published on the Council's website.
- 3.4 With public expectations rightly high regarding the conduct of Councillors, it was felt important to highlight the Council's compliance with this important aspect of public transparency.
- 3.5 Following a helpful question from a member of the public, the format of the declaration form that is published on the Council's website has been reviewed. Moving forward declarations will be entered into and published via the Governance Unit's committee management software. This will allow the date submitted to the Monitoring Officer, as well as date published to be recorded. It will also improve the efficiency of the process in that the information can be more easily retrieved and updated when required.
- 3.6 All declarations are available following this link:
<https://barnsleymbc.moderngov.co.uk/mgMemberIndex.aspx?bcr=1>

3.7 A full review of the Council's constitution is planned. The Constitution covers all aspects of decision-making, terms of reference and delegations, procedural matters and public participation and access to information. Internal Audit will be providing independent input into this review.

Contact Officer: Head of Internal Audit, Anti-Fraud and Assurance
Contact: robwinter@barnsley.gov.uk
Date: 18th July 2022

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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

Financial developments, Covid-19 and the overall economic environment

The Authority continues to operate in an uncertain financial environment. The Council, as with all local authorities, will need to continue to plan with little certainty over funding in the medium term whilst also recovering from the impact of the Covid-19 Pandemic.

2021-22: The Council's approved budget for 2021-22 totalled £186.6m. In the Q4 financial report to the Cabinet in June, the Council reported an underspend of £4.9m at the year end. This is after £26m of Covid related funding from the government. Without the government funding coupled with increased service demands, the Council could not have achieved this performance in 2021-22. The underspend has been taken to a strategic reserve to mitigate against future cost pressures.

Dedicated School Grant Deficit: A further service demand pressure faced by the Council relates to Special Educational Needs and Disability (SEND) costs in the Borough. The financial deficit on the Council's DSG 'reserve account' as of 31 March 2022 is £17.9m (£11.7m carried forward plus £6.2m deficit in year for 2021-22). We understand the Council is collaborating with all key stakeholders including Department for Education to manage this deficit position. We will undertake further work on the Council's 2021-22 performance, including the DSG deficit as part of our financial statement audit and value for money review.

2022-23 and beyond: The Medium Term Financial Strategy (MTFS) was approved in February 2022 for the three years from 2022-23 to 2024-25. The Council has identified savings targets of £2.1m, £4.4m and £2.5m respectively in those years in order to achieve the budgets. Like many other local authorities, the Council also plans to review and reduce their use of assets, utilising the new ways of operating and blended approach to working. The government's Spending Review announcement in October 2021 only covered the spending period 2022-23. The former Secretary of State for Levelling Up, Housing and Communities announced on 28 June 2022, there are plans to introduce a two-year financial settlement to give local authorities more certainty and confidence.

Since the approval of the budget in February 2022 the financial outlook has worsened with inflation posing a significant risk to the budget and a war in Europe which is impacting the global economy including the UK. The impact of rising energy, fuel and other prices is impacting on both revenue and capital budgets. In addition, the Council is seeing increased demand for children's social care and special education. The increase in the cost of living could also impact on collection rates for council tax and business rates. The Council is keeping a close scrutiny on its MTFS during the summer of 2022 to capture the longer-term impact of these challenges in public services in preparation for the 2023-24 budget setting process.

Climate Change

The Council has various projects in place to tackle the Climate Change. A key part of this agenda is reducing carbon emissions to help limit the effects of climate change. In September 2019, the Cabinet declared a climate emergency to bring these issues to everyone's attention. To help Barnsley to reduce its carbon emissions the Council has two programmes. Programme one is for the Council to become net carbon zero by 2040. Zero 40 will focus on improvements in the Council's environmental performance. This will be measured by reducing carbon emissions against agreed milestones.

Programme two is Zero 45 where the Borough aims to become net zero carbon by 2045. Zero 45 is a programme where the Council would help the whole of Barnsley including its residents, communities, partners and businesses to support Barnsley's changeover to be net zero carbon by 2045. The Council has approved its first Sustainable Energy Action Plan (SEAP) which will guide Barnsley's carbon reduction work until 2025. We will undertake further consideration of these plans as part of our 2021-22 Value for Money work.

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 Chief Financial Officer (s151) and Head of Financial Services (Corporate) and Deputy 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.
- We will continue to review the Council's financial position and the on-going impact of Covid-19 and the economic environment, through our regular discussions with the Chief Financial Officer (s151) and Head of Financial Services (Corporate) and Deputy s151 officer.
- Our VFM work will also consider the arrangements in place for managing the DSG deficit and the Council's work on climate change matters, including progress against the SEAP.

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 those charged with governance.

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 the 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 those charged with governance (the Full Council); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management, the Audit and Governance Committee or the Full Council 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 business 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 £8,805k (PY £8,623k) for the group and £8,721k (PY £8,593k) for the Council, which equates to 1.5% of your prior year gross expenditure on net cost of services. 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 £440k (PY £430k) for the group and £430k (PY £422k) for the Council. Following publication of the 2021-22 draft accounts, and prior to starting our detailed audit work, we will further revisit the materiality calculation and update as necessary. Any changes to our materiality levels will be detailed in our ISA260 Report later this year.

Value for Money arrangements

In line with the NAO's VFM guidance, our planning risk assessment work has identified one possible significant weakness in the Council's arrangements. This is in relation to the Ofsted and CQC Inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley. We also identified this as a key recommendation issue in our 2020-21 VFM work and reported this in our Auditor's Annual Report. Considering this inspection was carried out and reported in 2021-22, we consider this a continuing issue in the Council's VFM arrangements for 2021-22. As part of our 2021-22 VFM review, we will follow up Council's actions in relation to the Ofsted findings. Further details of this issue is included in Section Nine of this Audit Plan.

Our risk assessment regarding your arrangements to secure value for money has not identified any other risks of significant weakness at this stage other than what is reported above. We will keep this under review as our audit progresses.

Introduction and headlines cont.



Audit logistics

Our interim visit has taken place in March and April and the bulk of our final visit will take place from late July to September. Our finalisation and completion work is targeted to take place in advance of the national deadline for audited accounts of 30 November 2022.

Our key deliverables are this Audit Plan, our Audit Findings (ISA260) Report (due to be presented to the Audit and Governance Committee on 16 November) and our Auditor's Annual Report on the Council's VFM arrangements (targeted to be presented to the Audit and Governance Committee in January 2023).

Our fee for the audit will be £180,468 (PY: £180,218) 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 the 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 7 to 10.	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.	<p>Audit of the specific area of BHL net pension fund liability and related disclosures for the year ended 31 March 2022.</p> <p>Targeted testing of material other balances (other than net pension liability) and transactions outside the group boundary.</p> <p>This will be performed by Grant Thornton group audit engagement team.</p>
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.	<p>Audit of PGT's valuation of land and buildings as at 31 March 2022.</p> <p>Targeted testing of material other balances (other than land and buildings) and transactions outside the group boundary, of PGT financial statements for the year end 31 March 2022.</p> <p>This will be performed by Grant Thornton group audit engagement team.</p>

Key changes within the group:

There are no key changes to the group structure or components for the year ended 31 March 2022. 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 Council 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	<p>Revenue</p> <p>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.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including at the Council, mean that all forms of fraud are seen as unacceptable. <p>Expenditure</p> <p>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:</p> <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 and into 2021-22. 	<p>As we do not consider this to be a significant risk for the Authority, we will not be undertaking any specific work in this area other than our normal audit procedures which include:</p> <p>Accounting policies and systems</p> <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 the CIPFA Code • Update our understanding of the Council's business processes associated with accounting for income and expenditure. <p>Fees, Charges and other service income</p> <ul style="list-style-type: none"> • Agree, on a sample basis, income and year end receivables from other income supporting evidence. <p>Taxation and non specific grant income</p> <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 the CIPFA Code. <p>Expenditure</p> <ul style="list-style-type: none"> • Agree, on a sample basis, non pay expenditure and year end payables to supporting evidence • Undertake detailed substantive analytical procedures on pay expenditure <p>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.</p>

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 Council 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 (some £930m at 31 March 2021) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value in the Council's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used.</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 Council's valuer, the Council'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 Council'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 2022 for assets valued in year, the arrangements management has used to ensure the valuation remains materially appropriate at 31 March 2022.

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 Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£443m in the Council's balance sheet at 31 March 2021 and group £483m) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council'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 Council'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 Council's pension fund valuation • assess the accuracy and completeness of the information provided by the Council 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. We identified one recommendation in our 2020-21 audit in relation to the Council's estimation process for the valuation of land and buildings.

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 2022.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings, council dwellings
- Depreciation
- Year end provisions and accruals, specifically for demand led services such as Adult's and Children's services
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Liabilities under PFI schemes and finance lease liabilities
- Valuation of level 2 and level 3 investments.

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 previously sent letters of enquiry to management during April 2022. We recommend management responses are provided to us shortly and considered by the Audit and Governance Committee before finalisation of the accounts.

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 and any other information published alongside your financial statements 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 2021-22 financial statements, consider and decide upon any objections received in relation to the 2021-22 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.

7. 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 of the group and Council for previous financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £8,805k (PY £8,623k) for the group and £8,721k (PY £8,593k) for the Council, which equates to 1.5% of your prior year gross expenditure on net cost of services. Following publication of the 2021-22 draft accounts, and prior to starting our detailed audit work, we will further revisit the materiality calculation and update as necessary. Any changes to our materiality levels will be detailed in our ISA260 Report later this 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.

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 and Governance Committee

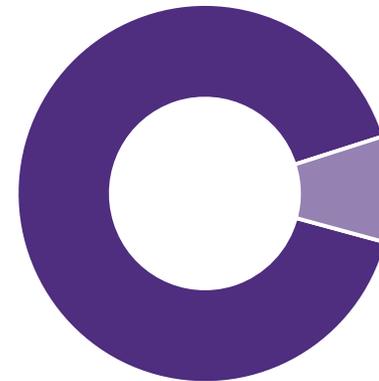
Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit 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 £440k (PY £430k) for the group and £430k (PY £422k) for the Council.

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 and Governance Committee to assist it in fulfilling its governance responsibilities.

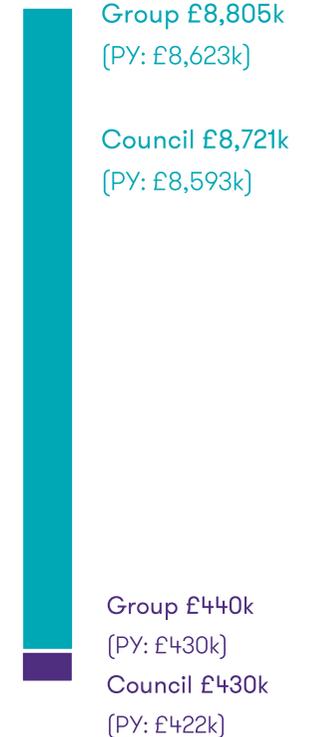
Forecast gross operating costs

£587m group
(PY: £574m)
£581m Council
(PY: 572m)



■ Forecast gross operating costs

Materiality



Group £440k
(PY: £430k)
Council £430k
(PY: £422k)

Misstatements reported to the Audit Committee

8. IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the information systems relevant to financial reporting to identify and assess the risks of material misstatement. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure. Based on the level of assurance required for each IT system the assessment may focus on evaluating key risk areas ('streamlined assessment') or be more in depth ('detailed assessment').

The following IT systems have been currently identified to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment. We will revisit this during our detail audit work stage as necessary.

IT system	Audit area	Planned level IT audit assessment
SAP business application	Financial reporting	<ul style="list-style-type: none"> ITGC assessment (design and implementation) No reliance on operating effectiveness of IT controls
thgate venues & Benefits system)	Council Tax, Business Rates, Benefits	<ul style="list-style-type: none"> ITGC assessment (design and implementation) No reliance on operating effectiveness of IT controls

9. Value for Money arrangements

Approach to Value for Money work for 2021-22

The National Audit Office (NAO) issued updated guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria. These are 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

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Possible Significant Weakness – Implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley

Our planning and risk assessment work has identified one possible significant weakness in the Council's arrangements as a result of the Ofsted and CQC inspection (November 2021 report) on implementing Special Educational Needs and Disabilities (SEND) reforms in Barnsley.

Background to this issue:

In September 2021, Ofsted and the Care Quality Commission (CQC) conducted a joint inspection of the local area of Barnsley. This was to assess the effectiveness of the borough in implementing the special educational needs and/or disabilities (SEND) reforms as set out in the Children and Families Act 2014. The inspection was led by Ofsted, supported by a team of inspectors from the CQC. The report was issued in November 2021. As a result of the findings and in accordance with the Children Act 2004 (Joint Area Reviews) Regulations 2015, Her Majesty's Chief Inspector (HMCI) determined that a Written Statement of Action (WSOA) was required because of significant areas of weakness in the borough's practices and arrangements.

HMCI also determined that the Council and the Clinical Commissioning Group (CCG) were jointly responsible for submitting the written statement to Ofsted. In reaching their judgements, inspectors took account of the impact of the Covid-19 pandemic on the SEND arrangements in the borough. More detail findings of this inspection and the full report can be obtained from Ofsted website.

As a result of these findings from Ofsted and CQC, our view is there is a possible significant weakness in the Council's arrangements in relation to improving economy, efficiency and effectiveness in Barnsley in implementing special educational needs and /or disabilities (SEND) reforms as set out in the Children's and the Families Act 2014.

We made a key recommendation on this issue in our 2020-21 Auditor's Annual Report (AAR) on the Council's VFM arrangements. As part of our 2021-22 VFM work we will:

- review the Council's actions against the findings from the Ofsted report and our key recommendation
- review communications between the Council and CQC/Ofsted and other key stakeholders regarding the Council's actions to improve and implement SEND reforms.

9. Value for Money arrangements

Other areas of focus

We have not identified any other risks of significant weaknesses from our initial planning work. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's annual report.

Whilst we have not identified any possible significant weaknesses in arrangements other than described above, we will, as part of our VFM work consider the progress and arrangements in place in actioning the DSG deficit recovery plan (see page 3), where we note the DSG deficit has further increased during 2021-22.

It is also important to note that our VFM risk assessment will continue until we issue our 2021-22 Auditor's Annual Report. We will inform you of any changes to our risk assessment in our Audit Findings (ISA260) Report.

10. 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 Council.

Thilina De Zoysa, Senior Engagement Manager

Thilina plans, manages and leads the delivery of the audit, is your key point of contact for senior finance team. Thilina is also your first point of contact for discussing any key issues of the audit.

Haz Anjum, Engagement Assistant Manager

Haz assists in planning, supervising and delivering the audit fieldwork liaising with your finance teams, ensuring that the audit is delivered effectively and efficiently. Haz also co-ordinates with the audit team on delivery of field work.

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 items for testing
- ensure that all appropriate staff are available throughout the planned period of the audit
- respond promptly and adequately to audit queries.

11. 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 £126,930. 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 2021-22 audit.

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 detailed in section five in relation to the updated ISA (UK) 540 (revised): Auditing Accounting Estimates and Related Disclosures.

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 latest results in our inspections with the FRC are included at Appendix A. Furthermore, we have engaged an audit expert to improve the level of assurance we require for property valuations estimates, which has been included in our proposed audit fee. Our proposed work and fee for 2021-22, as set out below, is detailed overleaf and has been agreed with the Chief Financial Officer.

	Actual fee 2020-21	Proposed fee 2021-22
Barnsley MBC Audit	£180,218	£180,468
Total audit fees (excluding VAT)	£180,218	£180,468

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of financial statements, 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.

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.

Service	Fees £	Threats	Safeguards
Audit related:			
Certification of Housing Benefit [See note below]	25,000*	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 £25,000 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers' Pension Return	7,000	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 £7,000 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Pooling of Housing Capital Receipts	5,000	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 £5,000 in comparison to the total fee for the audit of £180,468 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related:			
None	-	-	-

NOTE on Housing Benefit work and fees:

* The £25,000 noted above is the base fee for the 2021-22 Housing Benefit Subsidy certification. In addition, as per prior years, for each 40+ HB testing undertaken, there will be additional fees to be raised.

Appendix A: Financial Reporting Council's (FRC) quality inspection

On 29 October, the FRC published its annual report setting out the findings of its review of the work of local auditors. The report summarises the results of the FRC's inspections of twenty audit files for the last financial year. A link to the report is here: [FRC AQR Major Local Audits October 2021](#)

Grant Thornton are one of seven firms which currently delivers local audit work. Of our 330 local government and NHS audits, 87 are currently defined as 'major audits' which fall within the scope of the AQR. This year, the FRC looked at nine of our audits.

Our file review results

The FRC reviewed nine of our audits this year. It graded six files (67%) as 'Good' and requiring no more than limited improvements. No files were graded as requiring significant improvement, representing an impressive year-on-year improvement. The FRC described the improvement in our audit quality as an 'encouraging response by the firm to the quality findings reported in the prior year.' Our Value for Money work continues to be delivered to a high standard, with all of the files reviewed requiring no more than limited improvement. We welcome the FRC findings and conclusions which demonstrate the impressive improvement we have made in audit quality over the past year.

The FRC also identified a number of good practices including effective challenge of management's valuer, use of an auditor's expert to assist with the audit of a highly specialised property valuation, and the extent and timing of involvement by the audit partner on the VFM conclusion.

Our results over the past three years are shown in the table below:

Grade	Number 2018-19	Number 2019-20	Number 2020-21
Good with limited improvements (Grade 1 or 2)	1	1	6
Improvements required (Grade 3)	2	5	3
Significant improvements required (Grade 4)	1	0	0
Total	4	6	9

Our continued commitment to Audit quality and continuous improvement

Our work over the past year has been undertaken during the backdrop of COVID, when the public sector has faced the huge challenge of providing essential services and helping safeguard the public during the pandemic. Our NHS bodies in particular have been at the forefront of the public health crisis. As auditors we have had to show compassion to NHS staff deeply affected by the crisis, whilst staying focused on the principles of good governance and financial management, things which are more important than ever. We are very proud of the way we have worked effectively with audited bodies, demonstrating empathy in our work whilst still upholding the highest audit quality.

Over the coming year we will make further investments in audit quality including strengthening our quality and technical support functions, and increasing the level of training, support and guidance for our audit teams. We will address the specific improvement recommendations raised by the FRC, including:

- Enhanced training for local auditors on key assumptions within property valuations, and how to demonstrate an increased level of challenge
- Formalising our arrangements for the consideration of complex technical issues by Partner Panels.

As part of our enhanced Value for Money programme, we will focus on identifying the scope for better use of public money, as well as highlighting weaknesses in governance or financial stewardship where we see them.

Conclusion

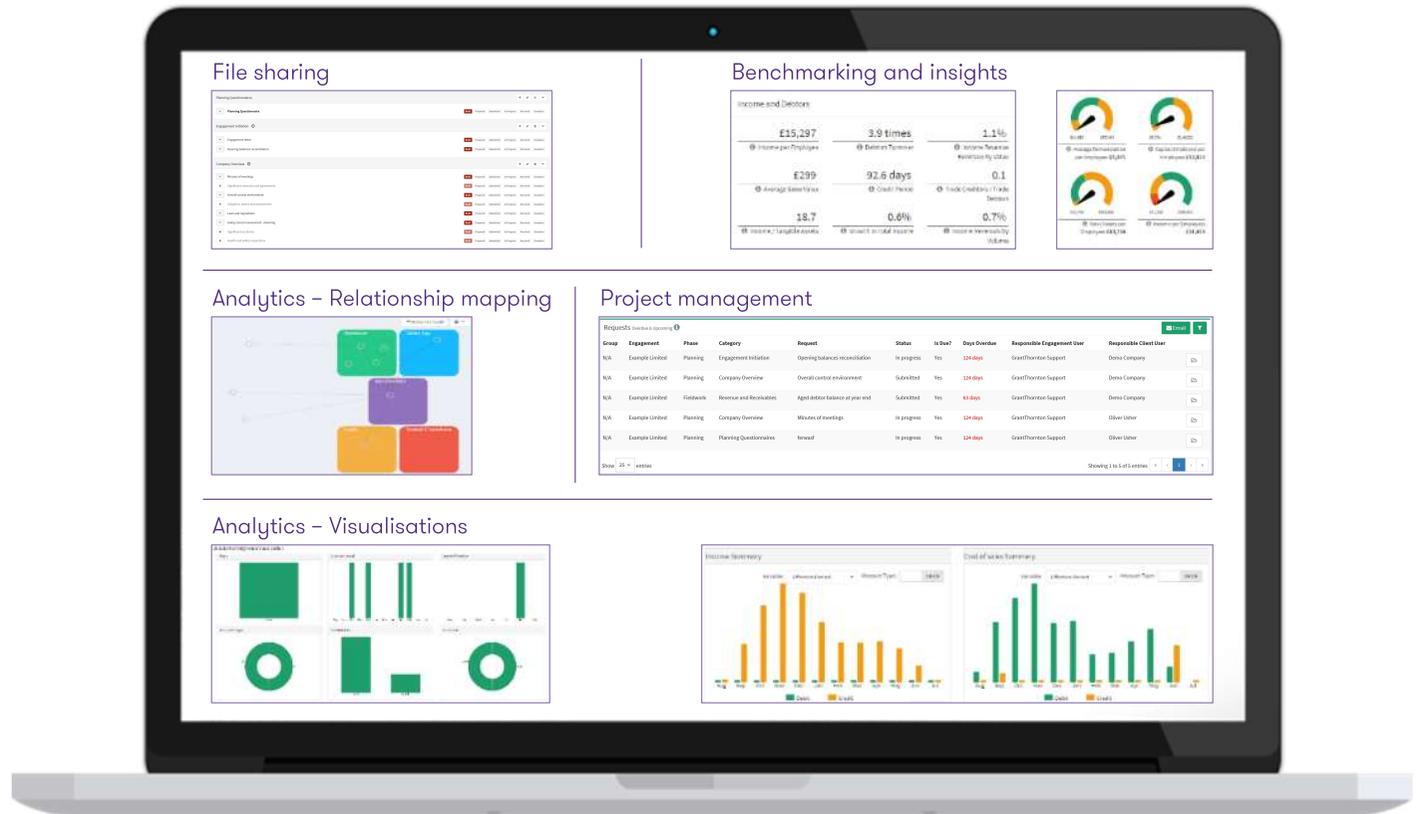
Local audit plays a critical role in the way public sector audits and society interact, and it depends on the trust and confidence of all those who rely on it. As a firm we're proud to be doing our part to promote good governance, effective stewardship and appropriate use of public funds.

Appendix B: Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool
Project management	Effective management and oversight of requests and responsibilities
Data analytics	Enhanced assurance from access to complete data populations

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Grant Thornton's Analytics solution is supported by Inflo Software technology

Appendix B: Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:



Data extraction

- Real-time access to data
- Easy step-by-step guides to support you upload your data



File sharing

- Task-based ISO 27001 certified file sharing space, ensuring requests for each task are easy to follow
- Ability to communicate in the tool, ensuring all team members have visibility on discussions about your audit, reducing duplication of work



Project management

- Facilitates oversight of requests
- Access to a live request list at all times



Data analytics

- Relationship mapping, allowing understanding of whole cycles to be obtained quickly
- Visualisation of transactions, allowing easy identification of trends and anomalies

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Will analytics add value to your audit?

Analytics will add value to your audit in a number of ways. We see the key benefits of extensive use of data analytics within the audit process to be the following:

Improved fraud procedures using powerful anomaly detection

Being able to analyse every accounting transaction across your business enhances our fraud procedures. We can immediately identify high risk transactions, focusing our work on these to provide greater assurance to you, and other stakeholders.

Examples of anomaly detection include analysis of user activity, which may highlight inappropriate access permissions, and reviewing seldom used accounts, which could identify efficiencies through reducing unnecessary codes and therefore unnecessary internal maintenance.

Another product of this is identification of issues that are not specific to individual postings, such as training requirements being identified for members of staff with high error rates, or who are relying on use of suspense accounts.

More time for you to perform the day job

Providing all this additional value does not require additional input from you or your team. In fact, less of your time is required to prepare information for the audit and to provide supporting information to us.

Complete extracts from your general ledger will be obtained from the data provided to us and requests will therefore be reduced.

We provide transparent project management, allowing us to seamlessly collaborate with each other to complete the audit on time and around other commitments.

We will both have access to a dashboard which provides a real-time overview of audit progress, down to individual information items we need from each other. Tasks can easily be allocated across your team to ensure roles and responsibilities are well defined.

Using filters, you and your team will quickly be able to identify actions required, meaning any delays can be flagged earlier in the process. Accessible through any browser, the audit status is always available on any device providing you with the information to work flexibly around your other commitments.

Appendix C: Progress against prior year audit recommendations

We identified the following issues in our 2020-21 audit of the Council's financial statements, which resulted in seven recommendations being reported in our 2020-21 Audit Findings (ISA260) Report. The Council has provided an update against the issues and these are noted below. There will be further commentary on our follow up of these recommendations in our ISA260 Report in November 2022.

Assessment	Issue and risk previously communicated	Recommendations
Medium	<p>(1) Critical judgements (Technical Annex B), financial statements: Disclosures should be of the specific judgements that have been made by the Council and the impact of those judgements on the accounts. They should not simply be reiterations of accounting policies. The current disclosures refer briefly to a number of broad areas but do not indicate the specific judgements made, the outcome of those judgements or the impact on the accounts. These should be enhanced for greater Code compliance and for the benefit of readers of the accounts.</p>	<p>Revisit the critical judgements disclosure for 2021-22 and ensure only items which are critical are included in line with accounting principles (IAS1), and to ensure that the precise judgment involved is described.</p> <p>Management response (November 2021):</p> <p>Management accepts the issue and will review the requirements of the Code in 2021-22 with a view to implement a more robust disclosure.</p> <p>Management response (July 2022):</p> <p>Management have reviewed the note alongside the Code of Practice. The note has now been amended to reflect specific Council judgements. For example, the Council's judgement to produce group accounts and the judgements involved with Berneslai Homes / Penistone Grammar Trust etc.</p>
Medium	<p>(2) Estimation uncertainty (Technical Annex B), financial statements:</p> <p>Disclosures should include the carrying value of the related assets / liabilities and disclose sensitivity analysis and/or the range of possible outcomes.</p>	<p>Revisit the estimation uncertainties disclosures for 2021-22 and ensure they comply with the accounting principles (IAS1). The Council accounts should disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, this note shall include details of:</p> <p>(a) their nature, and</p> <p>(b) their carrying amount as at the end of the reporting period.</p> <p>This is what needs to be disclosed as relevant to comply with accounting principles.</p> <p>Management response (November 2021):</p> <p>Management accepts the issue and will review the requirements of the Code in 2021-22 with a view to implement a more robust disclosure.</p> <p>Management response (July 2022):</p> <p>Management have reviewed the note alongside the Code of Practice. The note has now been amended to provide quantification of the potential impact on the accounts, should estimates have been different. E.g. if asset lives had been one year less, the additional depreciation charge would have been £2.3M higher.</p>

Appendix C: Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Recommendations
High	<p>(3) £1.4m bank mandate fraud after the year end:</p> <p>Please refer to page 13 of this report for a summary of the issue. Whilst this is not a material fraud, prevention and detection of fraud and taking appropriate actions is a key responsibility of management of any organisation. The biggest risk is, financial statements to be materially wrong due to fraud. We recognise it is not the case here as noted on page 13 of this report</p>	<p>We understand that internal audit has completed a detailed review of the incident and has also performed a wider review of the accounts payable team and processes. The findings from these reviews should be reported and any recommendations followed up promptly.</p> <p>The Council should have proactive mechanisms of fraud awareness training to relevant colleagues summarising the issues which resulted in this fraud – as a reminder to all Council staff to be alert to such schemes in order to reduce the chances of another fraud of this nature taking place again.</p> <p>Management response (November 2021)</p> <p>The detailed Internal Audit work into the wider accounts payable process and function was issued to management on 16 September 2021. A full follow-up audit will be undertaken in March 2022 the results of which will be reported to the Audit & Governance Committee. The Committee will receive a specific report on this matter at its meeting on 17 November 2021.</p> <p>The Council has undertaken a number of ‘phishing’ training exercises and issued communication regarding the risk of fraud perpetuated this way. All Finance staff attended sessions led by the Service Director – Finance and the Head of Internal Audit, Anti-Fraud and Assurance in July to remind staff of the need for diligence in the processing of transactions. All Accounts Payable staff and other finance staff in transactional areas received fraud awareness training in late June / early July. A programme of general and specific fraud awareness training will be developed for all Council employees relevant to their roles. A fraud awareness’ course is available on the Council eLearning system which is mandatory for all new employees. The fraud risk assessment undertaken by all Business Units will also be updated for completion in January / February 2022.</p> <p>Management response (July 2022):</p> <p>Internal Audit has continued to provide advice, support and challenge to the Accounts Payable team in relation to the implementation of the agreed management actions arising from the Internal Audit review undertaken (final report issued in September 2021). The majority of actions have (as at 30th June 2022) been implemented and there is a clearly defined action plan with responsible officers and implementation dates recorded to proactively manage the implementation of the remaining actions, which relate in the main to the development of revised responsibilities and processes following the Finance BU re-structure in June 2022.</p> <p>All recommendations relating to key controls have been implemented.</p> <p>A compliance review is scheduled to be undertaken during 2022-23 and this is currently being scoped in consultation with the Head of Finance and Service Director.</p> <p>A further targeted phishing exercise was also undertaken in December 2021. All Operational Finance staff ‘passed’ that test, highlighting a high level of awareness of the phishing threat.</p>

Assessment	Issue and risk previously communicated	Recommendations
Medium	<p>(4) DSG deficit:</p> <p>Our work indicated that regular Cabinet reporting around the DSG deficit is taking place. This is a good governance process which supports informed decision making. However, we have not seen any DSG deficit related reports going to the Audit Committee.</p>	<p>The Audit Committee provides scrutiny on the Council's governance, risks and financial arrangements.</p> <p>As a good governance practice, the Council should consider reporting the actions and outcomes on the DSG deficit reduction plans to the Audit Committee on a timely and regular basis going forward.</p> <p>Management response (November 2021)</p> <p>The Council is currently updating the Plan to reflect changes in costs and funding assumptions following the Government's announcement on schools funding on 27 October 2021. The proposed actions to bring spend to a sustainable level will also be reviewed in light of latest discussion with schools and partners. The updated DSG Management Plan will be submitted by 19 November 2021 (deadline date for approval of high needs funding transfer request by the Council). The Council will be reporting performance against the DSG Management Plan through its governance process i.e. SEND Oversight Board, Senior Management Team, Cabinet as well as the Audit Committee going forward.</p> <p>Management response (July 2022):</p> <p>On 12 July 2022, the DFE wrote to the Chief Executive / S151 Officer to formally invite the Council to participate in the DFE's 'Safety Valve programme'. In essence this requires the Council to produce substantial plans for reform to their high needs systems that demonstrate sustainable and effective solution for Children, Young People & Families [including proposals for reaching an in-year financial balance as quickly as possible]. Formal dialogue will take place with the DFE later in the year to test out the robustness of the Council's plans and to measure the progress made in delivering against those.</p>
Medium	<p>(5) Land and Buildings Valuation date:</p> <p>Our work on land and building valuations indicates that the reported valuation date remains at 1 April (12 months from the year end date). This results in a lot of audit challenge from us, and a lot of work for the Council's finance team and its valuer, to justify that the valuation of assets on 1 April remain materially accurate as at 31 March.</p> <p>The Council has moved the valuation date of its council dwellings to 31 March and a number of our other local authority audit clients have moved all their valuation dates to 31 March, or much closer to the balance sheet date.</p> <p>We understand from discussions with management that the valuation date for land and buildings could be moved closer to 31 March, which should enable a more efficient valuation process and audit approach going forward.</p>	<p>The Council should consider moving its valuation date for land and buildings closer to the balance sheet date of 31 March.</p> <p>Management response (November 2021)</p> <p>Management appreciates the Auditor's point in terms of audit challenge in terms of land and buildings valuations.</p> <p>Management will review the arrangements for the 2021-22 accounts considering all of the relevant practicalities of the valuation process.</p> <p>Management response (July 2022):</p> <p>Early during the process for the 2021-22 accounts, discussions took place between finance and estates colleagues with a view of bringing the effective valuation date closer to year end. It was agreed that the most practical date would be 30 September, which allows enough time for the surveyors to undertake the significant level of physical asset valuations that are required, in order for the Council to meet its statutory obligations.</p> <p>Also, as in previous years, the valuation team will continue to sense check significantly valued assets as at 31 March to ensure that they are not materially different to their 30 September valuation.</p>

Appendix C: Progress against prior year IT recommendations

Assessment	Issue and risk previously communicated	Recommendations
Medium	<p>(6) SAP General Control assessment findings - Inappropriate access to transactions SM36 and SM37</p> <p>During our IT audit, we observed a number of user accounts with access to manage batch and background jobs for all users (via SAP t-codes SM36 / SM37 and the S_BTCH_ADM SAP authorisation object). Specifically, the following was noted:</p> <ul style="list-style-type: none"> view batch jobs: 48 users create / amend batch jobs: 48 users <p>The users' access is restricted (via the S_BTCH_JOB SAP authorisation object) to a subset of administrator actions that cannot release or modify other users' jobs. However, the accounts can delete jobs for other SAP users including system accounts.</p> <p>Of the 48 users, 38 were classed as "Standard" users which means they work within the Council service departments, (Ie not in IT or Technical). We were unable to fully identify the roles of the 38 "Standard" users with access to SM36 and SM37. We understand that some of the users work in financial services, creating a Segregation of Duties issue.</p> <p>This finding was previously reported in our 2018-19 and 2019-20 IT review. However, we are pleased to note the numbers of users with this access has decreased from 3150 to 38 in that period.</p> <p>Risk Access to this functionality within SAP gives users the ability to delete batch jobs owned and configured by other users. Where this ability is not appropriately restricted a risk is created that batches may not consistently run per design and that functions, including updating and processing data, may therefore not operate leading to a risk to underlying data integrity.</p>	<p>Management should review access assigned to these users to ensure that batch management utilities are restricted to appropriate users and based on job role requirements. Specific review should occur to all users assigned access to delete other users' batch jobs given the risk created that this could be used to circumvent other access controls and have an impact on data integrity.</p> <p>Management response: (November 2021)</p> <p>This is still an outstanding action and a full review of the remaining users requires further collaboration work with IT & Finance to understand the roles and needs. Once established, further controls can be placed to reduce the numbers where possible.</p>

Appendix C: Progress against prior year IT recommendations

Assessment	Issue and risk previously communicated	Recommendations
<p>Medium</p>	<p>(7) Cyber Security assessment findings - The Payment Card Industry Data Security Standard (PCI-DSS) Certification was not in place during the period of the Audit.</p> <p>In order to provide assurance that certain standards of cybersecurity are in place for processing of payment cards, the organisation applies for a Data Card Industry Data Security Standard Certification. For the period of the audit, no certification was in place, without this certification, many card providers may charge a higher fee or refuse to process card transactions for the organisation.</p> <p>A successful PCI-DSS application was submitted following the year end and a certification obtained during September 2021.</p> <p>Risk:</p> <p>Where independent certification to confirm standards and certain controls are in place, are not met, there is a risk that the control environment is not effective and could lead to serious breaches of personal data and card details.</p>	<p>It is recommended that the Council ensures that all relevant certifications are in place and legislation is complied with. A breach of the PCI-DSS resulting in a period of non-certification could result in:</p> <ul style="list-style-type: none"> ▪ the Council not being able to take payments by card ▪ increased fees being charged ▪ a loss of protection for BMBC and the customers when taking payments ▪ fines ▪ card replacement costs ▪ costly forensic audits ▪ brand damage, etc., should a breach event occur ▪ a breach of data ▪ loss of sensitive data. <p>Management response (November 2021)</p> <p>Since the period of the IT audit, the Council has achieved a successful PCI-DSS certificate. Moving forwards, the Council will ensure that this certificate is achieved to mitigate this risk.</p>



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Item 10

Report of the Head of Internal Audit, Anti-Fraud and Assurance

Audit and Governance Committee – 27th July 2022

WORK PLAN 2022 – 2023

1. Purpose of the Report

- 1.1 To share with the Committee the current version of the Work Plan – Appendix 1 and to note any amendments to the plan.

2. Recommendation

- 2.1 The Committee is asked to note the updated Work Plan.

3. Updated Position

- 3.1 The work plan for 27th July meeting has had the following items removed from the agenda:

- Financial Regulations these are undergoing a final round of consultation with subject matter experts and will be re-scheduled for presentation to the September meeting of the committee.
- Covid updates have been removed from the work plan as a regular update item as there are other committees that have oversight on this issue - information on Covid will be provided on the extranet site.

Contact Officer: Corporate Governance and Assurance Manager
Email: alisonsalt@barnsley.gov.uk
Date: 18th July 2022

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AUDIT AND GOVERNANCE COMMITTEE – WORK PROGRAMME

2022/2023 Municipal Year

NOTE – all Meetings to commence at 2.00 p.m.

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	7
Committee Work Area	Contact / Author	01.06.22	27.07.22	14.09.22	12.10.22	16.11.22	18.01.23	15.03.23	26.04.23
Committee Arrangements									
Committee Work Programme	AS	X	X	X		X	X	X	X
Minutes/Actions Arising	WW	X	X	X		X	X	X	X
Review of Terms of Reference	AS				X				
Self-Assessment/Effectiveness Review	RW				X			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
Anti-Fraud									
Annual Fraud Report	RW	X							
Corporate Anti-Fraud Plan	RW	X (Ex)							
Corporate Anti-Fraud Strategy	RW							X	
Corporate Fraud Team – Update Report	RW			X				X	
Corporate Risk Management									
Risk Management Policy & Strategy	AS								X
Annual Risk Management Report	AS	X							
Strategic Risk Register	AS	X	X	X		X	X	X	X
Internal Audit									
Internal Audit Charter (Annual)	RW	X							
Internal Audit Plan	RW	X (Ex)					X		X
Internal Audit Quarterly Report	RW		X			X		X	
Internal Audit Annual Report (Interim / Final)	RW		X (I)	X(F)					

	Mtg. No.	1	2	3	Dev. Mtg.	4	5	6	7
Committee Work Area	Contact / Author	01.06.22	27.07.22	14.09.22	12.10.22	16.11.22	18.01.23	15.03.23	26.04.23
IA Effectiveness Report / Update				X					X
External Audit (Grant Thornton)									
Audit Finding Report (ISA260 Report)	GT					X			
External Audit Plan (2021/22)	GT		X						
Auditors Annual Report on 2021/22 VFM Arrangements	GT						X		
External Audit Progress Report/Update	GT		X	X		X	X	X	X
Financial Reporting and Accounts									
Financial Regulations	NC/SLo			X			X		
Medium Term Financial Strategy	NC/SLo							X	
Statement of Accounts (Draft / Final)	NC		X(D)			X(F)			
Corporate Finance and Performance Management & Capital Programme Update	NC			X				X	
Treasury Management Annual Report	NC		X						
Treasury Management Progress Report (inc. in the corporate finance update)	NC							X	
Treasury Management Policy & Strategy Statement (inc. in the MTFS update)	NC							X	
Designated Schools Grant (inc. in the MTFS update)	NC							X	
Other Corporate Functions contributing to overall assurance programme to be determined:									
Update on Glassworks	KMcA		X (Ex)	X		X		X	
Information Governance and Cyber Security update (twice yearly)	SJH	X				X			
DPO Update (twice yearly)	RW	X				X			
Human Resources (annual)	MP/JH						X		
Health & Safety Resilience (Annual)	MP/SD						X		

Strategic Risk Presentations

Risk	SMT Lead	01.06.22	27.07.22	14.09.22	12.10.22 (Dev. Mtg.)	16.11.22	18.01.23	15.03.23	26.04.23
Community Resilience	WL	X							
Safeguarding Children	MJ-R		X						
SEND	MJ-R		X						
Glassworks	MG			X					
Inclusive Economy	MG			X					
Partnership and Collaboration Governance	SLa					X			
Health Protection (CV19)	JB					X			
Emergency Resilience	SLa					X			
Safeguarding Adults	WL	X							
Responsibilities under the Care Act 2014	WL						X		
Educational Outcomes Progress	MJ-R						X		
Financial Sustainability	NC							X	
Threat of Fraud	SLa							X	
Organisational Resilience	SLa								X
Zero Carbon and Environmental Commitments	MG								X

Training / Awareness Sessions

NOTE – Training session to commence at 1.00 p.m.

Subject / Theme	Contact / Author	01.06.22	27.07.22	14.09.22	12.10.22 (Dev. Mtg.)	16.11.22	18.01.23	15.03.23	26.04.23
Treasury Management Presentation (30 mins)	SL/PD		X						
Statement of Accounts (30 mins)	SL		X						
Procurement	CA						X		
VFM	SL/PD								
Council Plan	SLa								
Climate and Sustainability Commitments	KMcA/SC					X			
People Strategy	MP/PQ							X	
Role of the Monitoring Officer	SB								
Designated Schools Grant	NC								
Partnership Governance	NC/RW								
MCA – Understanding the Finances	NC								

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