

# STATEMENT OF ACCOUNTS 2020/2021



## **Cannock Chase District Council – Statement of Accounts**

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## Narrative Report

The Statement of Accounts for the year ended 31 March 2021 has been prepared in accordance with the requirements of the Accounts and Audit Regulations 2015. The format reflects the requirements of the Code of Practice in Local Authority Accounting in the United Kingdom 2020/21 published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is supported by the International Financial Reporting Standards (IFRS). The Statement of Accounts therefore aims to provide information for the 2020/21 financial year so that members of the public, (including electors and residents of Cannock Chase Council), Members, partners, stakeholders and other interested parties are able to:

- See the performance of the Council including progress against its strategic objectives;
- Understand the overarching financial position of the Council;
- Have confidence that the public money with which the Council has been entrusted, has been used and accounted for in an appropriate manner; and
- Are aware of the key risks faced by the Council.

This **Narrative Report** is structured as follows:

1. An Overview of Cannock Chase District and its Council;
2. The Council's Priorities and Performance 2020/21 (including the impact of Covid-19)
3. Financial strategy and resource allocation
4. Future Outlook and Issues Facing the Council
5. Explanation of the Financial Statements.

### 1. An Overview of Cannock Chase District and its Council

#### 1.1 The District

Cannock Chase District covers over 7,000 hectares on the northern border of the West Midlands conurbation and forms one of the eight districts of the county of Staffordshire. The District incorporates the towns of Cannock, Rugeley and Hednesford. Cannock Chase itself is a designated Area of Outstanding Natural Beauty, and 60% of the District is designated as Green Belt. The District has strong transport infrastructure including the M6, M6 Toll and A5 trunk road, alongside rail connections to Walsall and Birmingham.

The District Council is a member of both the Greater Birmingham and Solihull Local Economic Partnership (GBSLEP) and the Staffordshire and Stoke-on-Trent Local Enterprise Partnership (SSLEP) whose purposes are to promote economic growth and investment. In 2015, the Council joined the West Midlands Combined Authority as a non-constituent member, recognising the existing economic, social and cultural links between Cannock Chase and the region and the potential for further collaboration and investment in the future.

There are a variety of factors which affect the Council's services and its finances. Some key statistics are highlighted below which impact the Council's financial position and which provide a basis for our ongoing priorities and strategic objectives.

#### Key Statistics

**Population** – 100,762 residents estimated in mid-2019, of which around 96.5% identified with the ethnic group White British in the 2011 Census. Of the total population in 2019, around 18,063 were aged under 16, 63,360 were of working age (16-64) and 19,339 were aged 65+.

The population is projected to rise to 107,808 by 2030 and to 115,178 by 2043. Much like other local authority areas, the District population is anticipated to change in age, with a decline in younger residents accompanied by a much larger increase in older aged residents.

**Households** - Around 43,952 households in 2020 including 5,086 council homes (as of 31 March 2021)

**House Price** - £173,058 average property price (as of March 2020)

**IMD** - The Index of Multiple Deprivation (IMD) 2019 ranked Cannock Chase as the 126<sup>th</sup> most deprived local authority District in England (where 1 is the most deprived and 317 the least deprived.) Deprivation as measured in the IMD 2019 occurs particularly in the domains of Education, Skills and Training, Employment, Income Deprivation Affecting Older People and Children, and Health and Disability. It is estimated that approximately 17.2% of children aged 0-15 in Cannock Chase were living in income deprived households in 2019, alongside around 17.9% of people aged over 60 who live in income deprived households.

**Earnings** - £517.10 per week for full-time workers resident in Cannock Chase (average gross weekly pay, 2020)

**Employment** - An ONS Claimant Count of 5.5% (16-64), February 2021

**Education** – 55.6% of residents in the District aged 16-64 had qualifications equivalent to NVQ 3+ in 2019. 34.3% of residents had qualifications equivalent to NVQ4+ in 2019.

**Health and Leisure** - Levels of physical inactivity remain above average in the District, with 27.8% of residents aged 16+ doing less than 30 minutes of physical activity per week during 2019-2020, compared to an England average of 25.5%.

**Businesses in the District** – 3,430 business enterprises in 2020 – 21.1% of these enterprises were in the broad industry group Construction. The District is home to a number of key businesses and thriving small and medium sized enterprises (SMEs), operating in sectors including the automotive trade, logistics and distribution and other specialist national and international manufacturing businesses. The Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles sector provided the largest share of employment in 2019, with 22.5% of employee jobs. Transportation and Storage provided 12.5% of employee jobs, with Manufacturing providing 11.2% in 2019.

The Council has an important part to play in its role as a place shaper in planning for future growth and opportunities to create new jobs, affordable new homes and re-purpose our town centres. Major investments such as the McArthurGlen Designer Outlet West Midlands and the Rugeley Power Station redevelopment are critical in supporting the economic recovery of the District following the Covid-19 pandemic.

## 1.2 Political Composition and Leadership

Cannock Chase District Council came into being on 1 April 1974, following the merger of the Cannock and Rugeley Urban District Councils and the inclusion of Brindley Heath from the former Lichfield Rural District Council. There are 41 Councillors representing 15 wards, who are democratically elected representatives responsible for setting the policy direction and budgets of the Council. The political composition of seats for 2020/21 (as at the elections of 3 May 2019) was as follows:

Party Name	Seats
Labour	18
Conservatives	15
Green Party	5
Independent	1
Liberal Democrats	2

In May 2021, control of the Council changed to the Conservatives.

All councillors meet as the Council. Meetings of the Council are normally open to the public. Here councillors decide the Council's overall policies and set the budget each year. The Council appoints the Leader of the Council who appoints the Cabinet. The Council appoints Scrutiny Committees which together with the Council hold the Leader and Cabinet to account.

The Cabinet is responsible for most day-to-day decisions and when major decisions are to be discussed these are published in the forward plan. Decisions are made by the Cabinet in line with the Council's overall policies and budget. If the Cabinet wishes to make a decision which is outside the budget or policy framework, then this is referred to the Council as a whole to decide.

In 2020/21 there were four scrutiny committees in place that supported the work of the Cabinet and the Council as a whole. The scrutiny committees were aligned to the Council's corporate priorities and focus on Promoting Prosperity, the Community, Wellbeing and Corporate functions.

Following direction from the political leadership, and supporting the work of the elected members, is the Council's Leadership Team. The Leadership Team comprised a Managing Director and eight Heads of Service, of which five are part of a shared services arrangement with Stafford Borough Council.

The Council employs approximately 444.5 full time equivalent staff.

### 1.3 Purpose

The Council provides a number of statutory and discretionary services. These services include:

**Arts and Culture** - Supporting and developing arts and culture through the Prince of Wales Theatre, the Museum of Cannock Chase and other events held in the District. These services are provided on the Council's behalf by Inspiring Healthy Lifestyles.

**Leisure and Healthy Lifestyles** - Encouraging and supporting residents to be active, look after their health through the provision of leisure centres and sports developments (these services are also provided by Inspiring Healthy Lifestyles), with the Council also providing and maintaining parks and green spaces, allotments and playing pitches, including The Stadium site at Pye Green.

**Environmental Services** - Providing refuse collection, recycling, street cleaning and noise / pest control services to help keep the community clean and protected.

**Environmental Health** - Aiming to improve the lives of those who live and work in the Cannock Chase District and those who visit the area and to protect the environment; helping businesses, individuals and families across the District to provide safe food and providing licenses for a wide range of activities.

**Economic Development** - Encouraging business development and growth within the District, promoting town centre regeneration and tourism, while continuing to support local public transport and maintaining Council car parks.

**Partnership / Community Safety / CCTV** - Working with a wide range of partners and adopting a multi-agency approach to help reduce crime and anti-social behaviour in the District and support an increasing number of vulnerable people. As an authority we also fund, maintain, and monitor a 24-hour CCTV service across the District.

**Housing** - Supporting the provision of affordable housing and improving accommodation standards for private tenants as well as supporting residents experiencing issues of homelessness.

**Planning and Building Control** - Dealing efficiently with planning applications and providing building control services across the District.

**Revenues and Benefits** - Collecting council tax and business rates and helping people access financial support through housing benefit and council tax discounts

**Internal functions** - All the above services are supported by a number of internal functions including customer services, HR, IT, policy and communications, finance, and legal services. Some of these services are shared with Stafford Borough Council.

In addition, the Council acts as a **landlord for its housing stock** and provides for the maintenance, management, and investment in its 5,086 stock of properties (as at April 2021).

Cannock Chase Council operates in a two-tier local government structure with Staffordshire County Council which is responsible for services including social care, education, children's services, highways, and libraries.

## 1.4 Governance

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

The Council has a Governance framework in place to ensure that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner.

The framework is underpinned by a Code of Corporate Governance which identifies six principles that the Council adheres to:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining the vision and outcomes for the local area and determining the actions necessary to achieve the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council undertakes an annual review of its governance arrangements and this is summarised in the Annual Governance Statement.

## 2 The Council's Priorities and Performance 2020/21

### 2.1 Corporate Plan

The statistics outlined about the District form a key evidence base for the Council's Corporate Plan for 2018-2023. The Corporate Plan identifies two key priorities



**Promoting Prosperity** builds on the strengths of Cannock Chase, including our central strategic location and transport links, with our vision for the District focusing on continued business growth and attracting more high skilled employment. This is coupled with supporting residents to increase the skill levels needed for the future whilst raising aspirations in order to secure employment in higher skilled jobs. It is important for us to maximise the opportunities presented by the opening of the McArthurGlen West Midlands Designer Outlet by attracting further investment, visitors and employment into the District and commencing regeneration of the Rugeley Power Station site

**Community Wellbeing** focuses on continuing to improve and benefit from the natural environment and heritage that makes Cannock Chase unique, including its award winning parks and open spaces, modern leisure facilities and vibrant local communities. Whilst we are continually working to improve the health and wellbeing of the District, issues still remain within our communities, with relatively high levels of long term-illness and obesity. It is important that we work to identify the best way to spend public funds allocated to parks, open spaces and sports and leisure facilities to maximise their benefits and support improved health and wellbeing.

Covid-19 had an impact on the Council's priorities for 2020/21 and it was necessary to pause work on some of the projects planned to divert resources to support the response to the pandemic. Furthermore, the Council has been assessing the impact of the pandemic on the district and has put in place a recovery strategy and action plan (see 2.3.1 for more information).

As part of the recovery planning, it was agreed to bring forward work on reviewing Council priorities and setting out a new Corporate Plan for 2021-24 to replace an existing Corporate Plan (2018-2023). This has allowed the Council to take a strategic look at how the pandemic has affected residents, businesses, and the Council as an organisation. Following public engagement on the proposed priorities, the Council agreed a new three-year Corporate Plan for 2021-24. The emphasis of the new plan is on recovery and rebuilding the District through:

- Supporting Economic Recovery
- Supporting Health and Wellbeing
- Financially Resilient Council



In 2019 the Council made a commitment to becoming net carbon neutral by 2030. Rather than adopting this as a standalone priority, it has been embedded into the objectives that will underpin the delivery of all three of the priorities.

## **2.2. The Council's Performance 2020-21**

The Corporate Plan is supplemented with Priority Delivery Plans (PDPs) which are the annual documents that set out how the Council will achieve progress against its strategic objectives; The PDPs establish the actions, performance measures and timetables for delivery that are the basis of the Council's quarterly and annual performance reporting framework.

Whilst the pandemic had a considerable impact in 2020-21 on the District and its residents, the Council worked well in continuing to deliver on key projects at the same time as responding to the pandemic and supporting recovery from it. Overall:

- (i) 65% of the PDPs actions were delivered and a further 15% were in progress at the year end and will be completed with only minor slippage. The remaining 20% of actions will be progressed in 2021/22; and
- (ii) 70% of the recovery actions have been delivered and a further 25% were in progress at the year end.

The key projects, from the PDPs, that were progressed during 2020/21 were:

- The Council helped South Staffordshire College secure government funding for new Digital Skills Academy from Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP).
- The outline planning application for Rugeley Power Station was approved; this includes the provision of new housing, employment land and a new Through School.
- Practical completion of the McArthurGlen Designer Outlet.
- Shutters of empty shop units in Cannock town centre given a makeover.
- Funding was approved towards the new mountain bike trail at Birches Valley as a legacy project for Commonwealth Games.
- Work commenced on building 44 new homes on the former Council depot land in Hawks Green.
- Progression of a new Local Plan for the District and commencement of a consultation on the Council's Preferred Option.
- Pay by phone service and contactless ticketing machines introduced in car parks.
- Football Foundation grant announced to help cover costs of providing new artificial grass pitch in Rugeley in time for the next football season.
- Retention of the 6 Green Flag awards for the Council's parks. Work commenced on the development of the new cemetery

## **2.3 Covid 19 Pandemic**

The impact of COVID-19 continued during the 2020/21 financial year. The Council continued to focus on delivery of service whilst ensuring safety of staff and customers. The workforce worked from home in line with government advice where possible but ensuring that service delivery could be maintained for frontline services as well.

### **2.3.1 Covid 19 Grants**

The major impact for 2020/21 on the Council was delivery of the Covid 19 grants from the Government to businesses.

The Council received a range of grants from Central Government in 2020/21 to support the overall response to the COVID-19 pandemic. The financial impact of these grants is included within the statement of accounts. The grants and Business Rates reliefs were administered by the Council in line with the guidance received from Central Government.

Following the receipts of a grant the Council had to determine whether in administering the grant it was acting as an agent or principal.

Where the Council was acting as an agent the following conditions applied

- It was acting as an intermediary between the recipient and the Government Department
- It did not have “control” of the grant conditions and there was no flexibility in determining the level of grant payable

Where the Council acted as principal, it was able to use its own discretion when allocating the amount of grant payable.

The first major grant round announced was the Small Business Grant Fund (SBGF) and Retail, Leisure and Hospitality Grant Fund (RLHGF). The grant details were issued in late March 2020 and the Council received £22.671 million to pay these grants on the 1 April 2020. As the grants sums payable were £0.10 million or £0.025 million for each eligible business with eligibility criteria specified by Government, the Council acted as an agent in administering these grants.

A further grant regime, the Discretionary Grant Fund was then introduced, within a maximum sum of £1.193 million. The Council determined eligibility for these grants and therefore acted as a principal for this source of funding. By the time the final grants were paid in October 2020, in total £21.350 million had been paid in SBGF and RLHGF to businesses. The balance of £2.514 million was returned to Central Government. The table below sets out the summary grant information.

	Final grant allocation	The Council acting as Agent	The Council acting as Principal	Expenditure as at 31 March 2021	Grant Remaining as at 31 March 2021
Grants	£000	£000	£000	£000	£000
Small Business Grant Fund - Retail, Leisure and Hospitality Grant Fund	20,325	20,325		20,325	-
Local Authority Discretionary Fund	1,025		1,025	1,025	
	<b>21,350</b>	<b>20,325</b>	<b>1,025</b>	<b>21,350</b>	<b>-</b>

The Government then introduced a range of grants under the general heading of Local Restrictions Support Grant (LRSG), covering the period from August 2020 to 31 March 2021. In total the Council received £11.163 million in grant across the separate allocations. Each separate tranche of LRSG had its own eligibility criteria. All except one tranche of grant funding (the Christmas Support Payments for Wet Led Pubs) remained open for final payments beyond 31 March 2021.

The LRSG open was discretionary and for these the Council determined eligibility and therefore acted as principal. Funding for these grants totalled £0.093 million and the spend was £0.084 million leaving £0.09 million available at year end.

The other grants set out below did not have a discretionary element and for these the Council acted as the agent of Central Government. Funding for these grants totalled £11.070 million and at the year-end £3.351 million remained unspent. Given the status of these grants, the funds remaining at 31 March are included in the Councils Balance Sheet (Short Term Creditors).

Once all rounds of LRSG are finally closed there will be a reconciliation and remaining funds will be repaid to Central Government.

The table below summarises the LRSG allocation and expenditure in 2020/21.

	Final grant allocation	The Council acting as Agent	The Council acting as Principal	Expenditure as at 31 March 2021	Grant Remaining as at 31 March 2021
Grants	£000	£000	£000	£000	£000
Local Restrictions Open	93		93	84	9
Local Restrictions Closed	6,583	6,583		4,598	1,985
Closed Business Lockdown	4,455	4,455		3,069	1,386
Wet Led Pubs	32	32		52	- 20
	<b>11,163</b>	<b>11,070</b>	<b>93</b>	<b>7,803</b>	<b>3,360</b>

In addition to the LRSG, the Government introduced a further discretionary grant scheme the Additional Restrictions Grant. The Council introduced specific eligibility criteria for grant support based on knowledge of the Stafford Borough Council economy and the local business community. During 2020/21, two rounds of grant were received totalling £2.910 million for which the Council acted as a principal.

By the year end £1.276 million had been spent with £1.634 million being carried forward within the Council's Balance sheet (Short term creditors).

In addition to the business grant funding, the Council also received unringfenced general grants to support its COVID response totalling £2.978 million. These were

- Three tranches of general grant funding totalling £1.533 million
- Sales, fees and charges grant compensation of £0.709 million
- Local Tax Income Guarantee grant of £0.439 million
- New Burdens funding of £0.297 million to support the introduction of business grants payment arrangements, and the management of Council Tax and Business rate reliefs.

### 2.3.2 Ongoing Impact

There will still be considerable impact on the authority for 2021/22 as a result of Covid both in the continued administration of grant regimes and from a workforce perspective.

Looking ahead in terms of the financial figures there will continue to be monitoring of both the fees and charges receivable and expenditure as a result of Covid. This may also impact on the ability of the government to review and complete the overall review of local authority funding.

### 3. Financial Strategy and resource allocation

#### 3.1 Overview of Portfolio Spending

The following pages provide a brief overview of the financial position of the Council for 2020-21, in terms of the Council's management accounting framework, rather than the statutory IFRS framework.

The Council undertakes two distinct roles;

- The provider of services, functions and responsibilities for all its residents as a District Council (General Fund); and as
- A landlord for its housing stock (Housing Revenue Account)

In addition to the former role the Council also acts as the billing and collecting authority for Council Tax and Business Rates for precepting and other bodies via its Collection Fund.

#### 3.2 General Fund- Revenue spending

The General Fund records all the day-to-day spending on Council services. The net cost of services contained within the General Fund are met primarily by Council Tax payers and central government funds including income derived from business rates under the Business Rates Retention scheme.

The Band D Council Tax for 2020-21 was £221.32.

The Council approved Portfolio spending of £14.892 million for 2020-21 as reflected in its Portfolio budgets set out in the table below. The actual spend was £14.697 million £0.195 million less than budgeted. The following table sets out the overall net revenue budget outturn of £11.370 million compared with the budget set for the year of £10.903 million, a variance of £0.467 million:

	<b>Budget</b>	<b>Actual</b>	<b>Variation</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Portfolio Budgets	14,892	14,697	(195)
Investment income	(103)	(119)	(16)
Interest Payable	6	6	0
Technical items	614	1424	810
Use of Government Grants	(4,506)	(4,638)	(132)
<b>Net Revenue Budget</b>	<b>10,903</b>	<b>11,370</b>	<b>467</b>
<b>Financed by:</b>			
Demand on Collection Fund	(6,471)	(6,471)	0
Provision for Council Tax	108	36	(72)
Collection Fund Surplus	(150)	(150)	0
Business Rates Retention	(4,684)	(4,929)	(245)
Transfer to/(from) Working Balance	294	144	(150)
<b>Total financing</b>	<b>(10,903)</b>	<b>(11,370)</b>	<b>(467)</b>

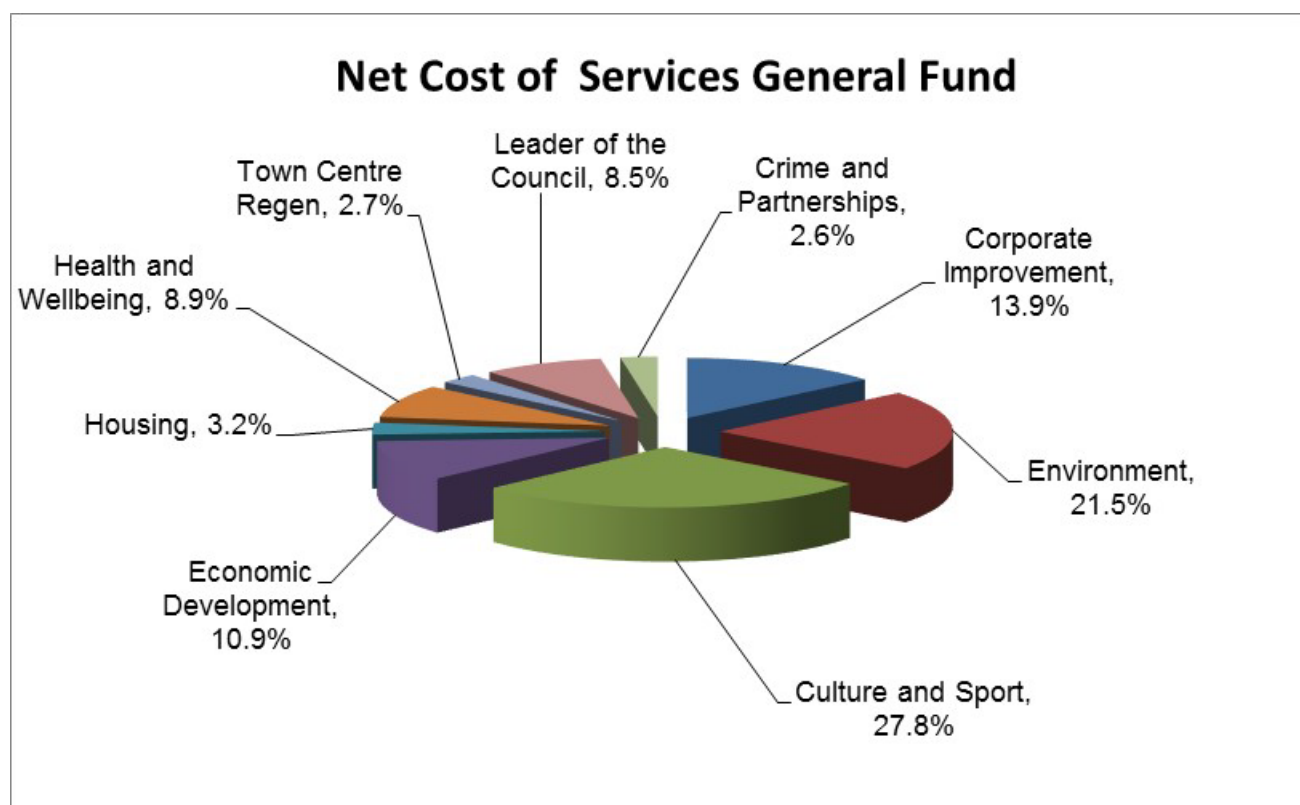
The table above shows the budget anticipated net expenditure of £10.903 million, to be principally funded from Council Taxpayers (£6.471 million) and Business Rates / Central Government (£4.684 million).

The actual position shows that Portfolio net expenditure was £0.195 million lower than budgeted. Investment income and technical financing and other adjustments showed a higher

variation of £0.662 million. The major variation in technical items relates to a contribution to reserves of £0.692 million.

The overall position, actual net expenditure and financing, resulted in a transfer to working balances of £0.144 million compared to the budgeted figure of £0.294 million, a reduction of £0.150 million.

The graph below provides a simplified version of the Comprehensive Income and Expenditure Account which appears later in this booklet. The Comprehensive Income and Expenditure Account includes accounting items required under the Code of Practice but which do not affect the actual movement in the General Fund balance as shown in the outturn table above and therefore presents the same financial information but includes further accounting entries to comply with the Code. This statement is now produced in line with management reporting to Cabinet and Scrutiny (after the adjustments detailed in the Expenditure and Funding Account notes (number 6 and 7 to the accounts).



### 3.3 Financial performance against Budget in 20/21

Portfolio expenditure was £0.195 million lower than the budget. The **principal variances** on each portfolio are as follows, ((+) is an unfavourable variance (-) is a favourable variance):

#### Corporate Improvement

- Supplies and Services variations £38,000 (-)
- Technology – additional licence costs £5,000 (+)

#### Environment

- Waste and Recycling- contaminated loads £25,000 (+) less General underspends £10,000 (-)
- Off Street Parking – reduced income £74,000 (+), partly offset by reduced operational costs £5,000 (-)
- Grounds maintenance – staff variations re COVID & vacancy's £104,000(-); Underspend on services etc £39,000 (-), additional income from agency services £18,000 (-), less transfer Trading reserve £58,000 (+)
- Conservation Areas – Staffing Variations £18,000 (-)

- Vehicles – additional income £13,000 (-)

**Culture and Sport**

- Parks – reduced operational costs £33,000 (-)
- Leisure management contract – Reduced income IHL Golf Course Mtce £165,000 (+), Reduced Contribution from Reserves £90,000 (+)
- Cemeteries – higher than anticipated income £30,000 (-)

**Economic Development**

- Development Control – reduced income £58,000 (+), additional professional fees £45,000, other variations £18,000 (-)
- Public buildings – Higher than anticipated income £10,000 (-), lower than anticipated running costs £17,000 (-)
- Industrial Sites – Higher than anticipated income £20,000 (-)
- Staffing variations £30,000 (+)

**Housing (Housing General Fund)**

- Housing services – net additional income £19,000 (-)

**Health and Wellbeing**

- Benefits- Additional net income Housing Benefit Subsidy £53,000(-)
- Taxation – Higher than anticipated income £135,000 (-)
- Food & Safety – additional contributions £85,000 (-)
- COVID 19 –underspend re items to be allocated £35,000 (-)

**Town Centre Regeneration**

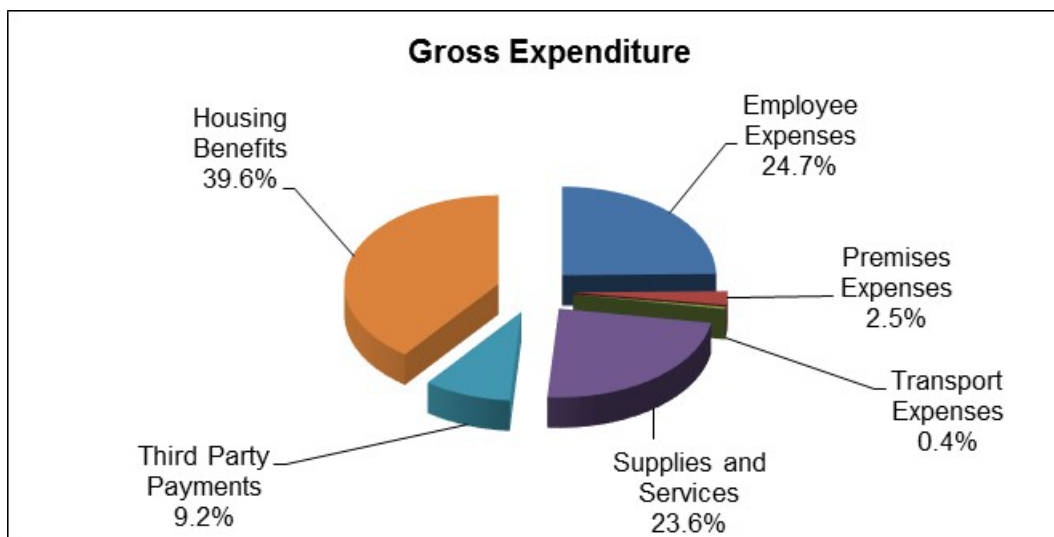
- Markets reduced income £14,000 (+) offset by general underspends £22,000 (-)
- Town Centre Management increased rent income £11,000 (-) together with reduced premises costs £8,000 (-)

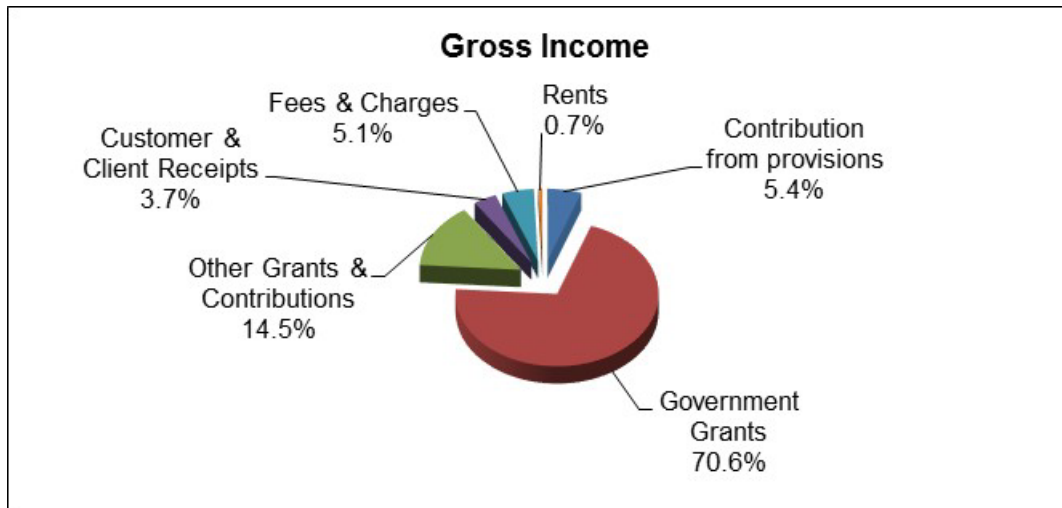
**Leader of the Council**

- Increase in bad debts provision £14,000 (+)
- Shared services variation £29,000 (-)

**Crime & Partnerships**

- Supplies and services variation - £6,000 (-)





### 3.4 Collection Fund

The overall amount of Council Tax required by the precepting authorities to be collected through the Council's Collection Fund was £46.738 million, with the District Council's element being £6.472 million and £0.750 million required by Parish Councils in the District.

The detailed Collection Fund accounts show the overall position for the year in relation not only to Council Tax but also to the collection of National Non Domestic Rates Income, which is now shared between central government, the Council, Staffordshire County Council, Staffordshire Commissioner Fire & Rescue Service and the Stoke on Trent and Staffordshire Business Rates Pool. The Council was previously part of the Greater Birmingham and Solihull Business Rates Pool but joined the Stoke and Trent and Staffordshire Business Rates Pool to become part of the 75% Business rates pilot.

The net position on the Collection Fund for the year was a deficit of £1.485 million for Council Tax, however this includes the distribution of previous years surpluses (Estimated £1.110 million), leaving an in year deficit of £0.375 million. The overall surplus for Council tax, after taking account of previous years' surpluses leaves a net deficit on the fund of £0.502 million at 31 March 2021 (of which £0.067 million relates to the Council).

A deficit of £16.117 million exists in relation to Business Rates as at 31 March 2021. However, the deficit primarily relates to the treatment of Section 31 Grants in relation to the business rates reliefs granted by the Government for Retail, Leisure, Hospitality and Nurseries. The Original Budget, and associated Government returns, did not take this into account and in accordance with Collection Fund regulations the original precepts payable cannot be amended until the following year. As a result of the Net Business Rates payable being reduced but payments to Precepting bodies remaining the same a Deficit has occurred. The Section 31 Grant received to offset the deficit is accounted for outside the Collection Fund and forms part of the General Fund Revenue Budget.

The grants received in 2020-21 have therefore been transferred to a General Fund Earmarked Reserve and will be released in 2021-22 whereby in accordance with regulations the Deficit on the Collection Fund as at 31 March 2021 is recharged to the General Fund Account. The Council's share of the deficit at 31 March 21 is £6.447 million with grant income reserve set aside of £6.357 million.

However, it should be noted that the residual deficit of £0.090 million is only notional. Business Rate collection fund accounts are based on figures estimated in January of each year prior to the start of the relevant financial year. The Comprehensive Income and Expenditure account reflects the actual position as at 31 March 2021 with a standard earmarked reserve existing that offsets the deficit set out in the Collection Fund Income and Expenditure account.

### 3.5 General Fund Reserves

The Council holds the following reserves:

- General Fund Balance – the balance at 1 April 2020 was £1.000 million and this was increased during 2020/21 to £1.144 million at 31 March 2021. The Council's policy is to retain a minimum General Fund balance of 5.5% of net expenditure, or the calculated risk factor whichever is the greater to cover contingencies and emergencies, for 2020/21 this amounted to £0.790 million.
- General Fund Earmarked Reserves – In addition to the General Fund balance the Council maintains earmarked reserves that are held for specific purposes. They are provided to meet future and known commitments, support the budget in the future and, in some cases, to spread expenditure over a number of years. At 1 April 2020, earmarked reserves stood at £16.078 million and increased to £24.098 million at 31 March 2021.

### 3.6 Pensions

Councils are required to account for pension costs to show any deficit, or surplus, on the Pension Fund in the balance sheet. The fund is administered by Staffordshire County Council and the actuarial valuation at 31 March 2021 showed the Council's share of the fund to be a deficit of £69.281 million, an increase of £7.517 million as compared to the 31 March 2020. The fund deficit has no impact on the level of Council Tax. The remaining deficit on the scheme will be made good by increased contributions over the remaining working life of employees as assessed by the scheme actuary.

### 3.7 General Fund Capital Expenditure

The Council approves the Capital Programme for the financial year as part of the budget process and the amount that can be spent is limited by the amount of capital resources available to the Council.

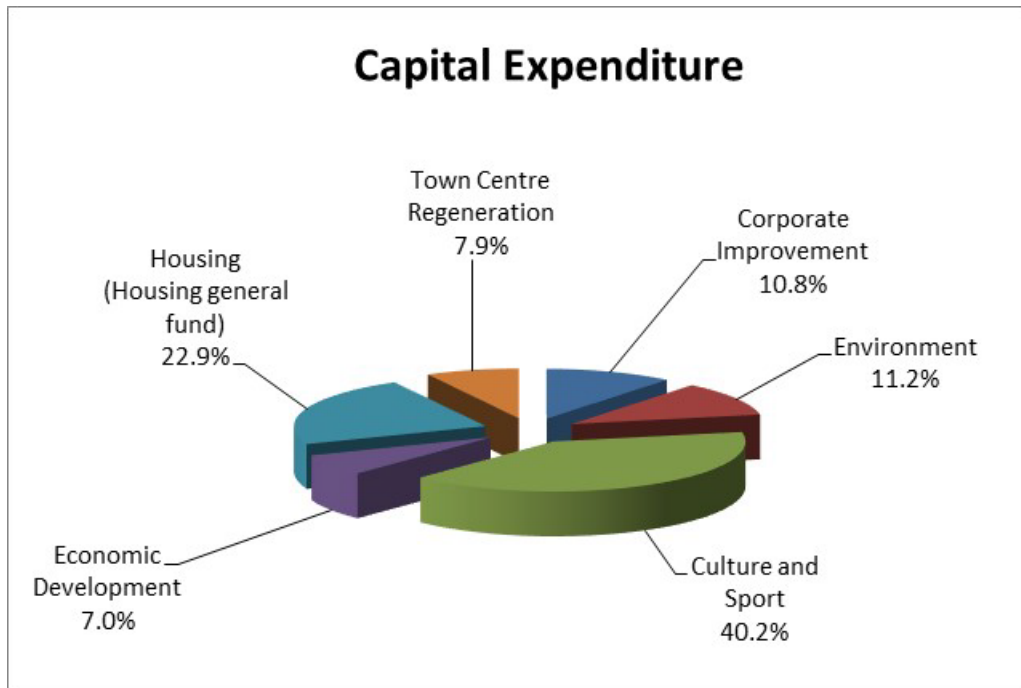
Many of the schemes within the Capital Programme take some time to develop and implement, the detailed programme can experience many changes, including delays due to the impact of the pandemic. Considerable variation can therefore arise over the 18 month period from the time the Capital Programme for the financial year is initially considered, right through to the end of March of the relevant year.

The Council spent £2.803 million on capital projects in 2020/21, which was £0.969 million less than the budget of £3.772 million. The main reason for the difference in 2020/21 is scheme slippage where the scheme will proceed later than planned and the expenditure will occur in a future year.

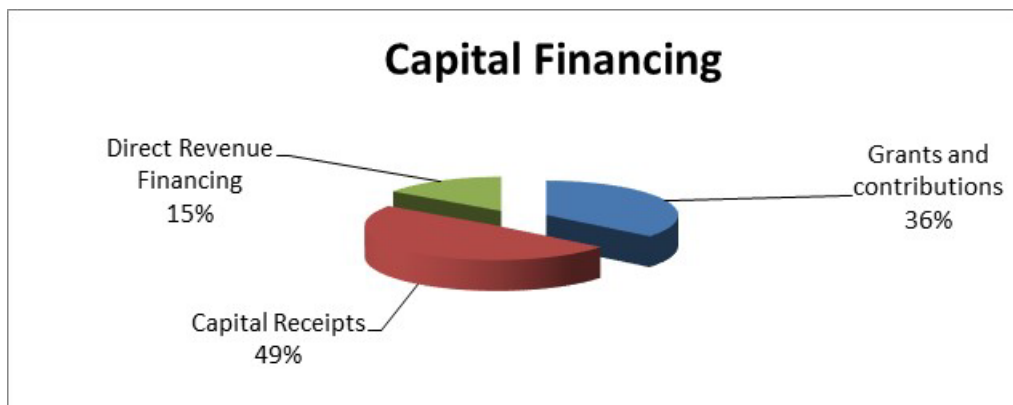
The major items of capital expenditure in the year were:

- **£1.124 million** on Additional Cemetery Provision
- **£0.548 million** on Disabled Facilities Grants
- **£0.303 million** on Finance Management system
- **£0.195 million** on Hawks Green rationalisation
- **£0.219 million** on Rugeley Pedestrian Cycle linkage
- **£0.195 million** on Hawks Green rationalisation
- **£0.113 million** on Wheelie Bins





The capital programme of £2.803 million was financed as follows:



### 3.8 Treasury Management

During 2020/21 most investment decisions were driven by cash flow considerations and funds were placed in Money Market Funds for easy access. However, opportunities were also taken to place funds in higher interest bearing investments when cash flow requirements would allow.

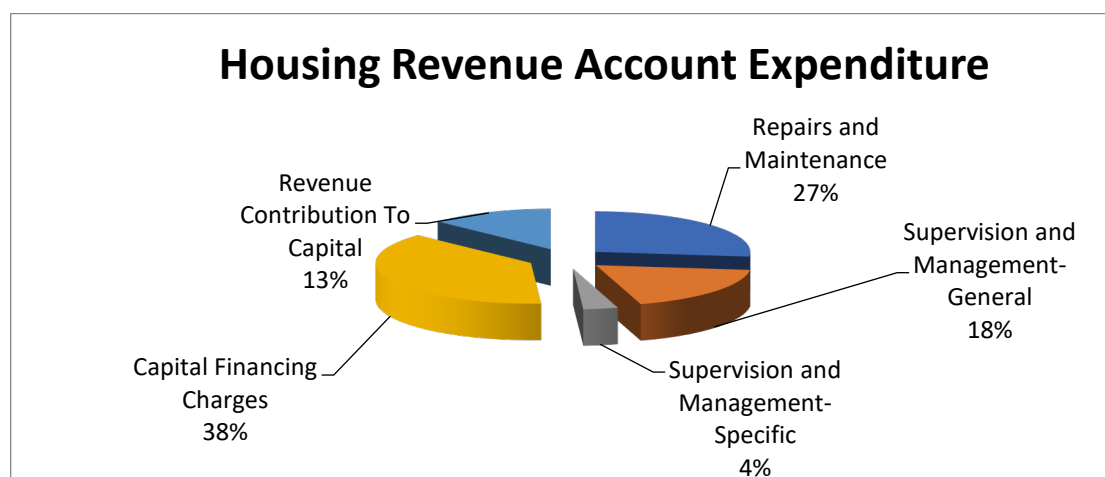
The average investment balance in 2020/21 was £41.61 million (£37.6 million in 2019/20). Interest receipts totalled £0.069 million in 2020/21, a decrease of £0.215 million from £0.284 million in 2019/20.

### 3.9 Housing Revenue Account

The Housing Revenue position is slightly different. Rents are determined in accordance with the Government's national rent policy.

From 2020 the policy permits rent increases of CPI+1%. The new policy recognises the need for a stable financial environment to support the delivery of new homes and to enable the Council to plan ahead.

Income from Rents and associated items amounted to £19.735 million with expenditure of £19.685 million as follows: -



The Housing Revenue Account outturn therefore made a contribution to working balances of £0.050 million a reduction of £0.062 million when compared with the revised budget which anticipated a contribution to working balances of £0.112 million. This variation relates primarily to savings in supervision and management, repairs and maintenance and bad debts provision offset by an additional RCCO contribution.

The surplus for the year resulted in Housing Working Balances increasing to £1.713 million as at 31 March 2021, below the minimum balance requirement of £1.796 million determined as part of the original budget for 2020/21.

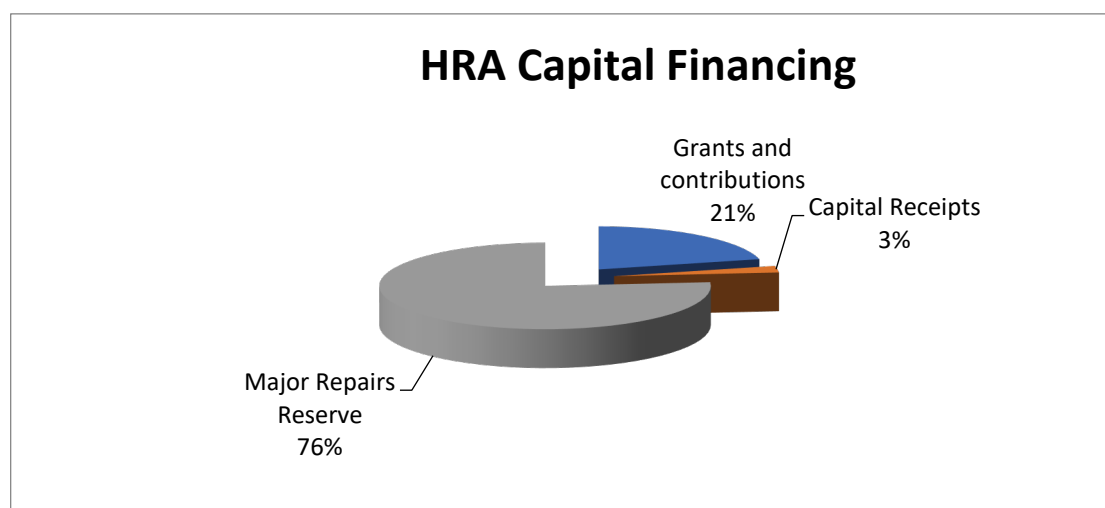
In addition to the Working Balance the Housing Revenue Account maintains earmarked reserves that are held for specific purposes. They are provided to meet future and known commitments, support the budget in the future and capital programme, and in some cases, to spread expenditure over a number of years. At 1 April 2020, Housing Revenue Account earmarked reserves stood at £8.445 million and increased to £11.030 million at 31 March 2021, pending capital expenditure arising from the New Build Investment Fund.

The Housing Revenue Account spent £3.010 million on capital projects in 2020/21, which was £1.276 million less than the budget of £4.286 million. The main reasons for the variation in 2020/21 are slippage of major capital spend to future years particularly in relation to Hawks Green Residential (£0.589) million, Central Heating upgrades (£0.299) million, Disabled Facilities Public Grants (£0.254) million.

The major items of capital expenditure in the year were:

- **£0.408 million** on Disabled Facilities Public Grants
- **£0.496 million** on upgrading electrical systems
- **£0.402 million** on central heating upgrades
- **£0.155 million** on replacing housing service vehicles
- **£1.340 million** on Hawks Green residential development

Funding for the HRA Capital Programme came from the following sources:



#### 4. Future Outlook and issues facing the Council

##### 4.1 Planned future developments

Whilst the Council has had to modify its plans for the future to focus on recovery, work will continue to build on progress and make sure we can attract more opportunities for our local communities. Over the last 12 months, the Council has made significant progress on a number of key projects for the District.

The McArthurGlen West Midlands Designer Outlet Development was completed. The opening was delayed due to national lockdown restrictions, but it has now opened and is attracting visitors into the District.

Demolition of the former Rugeley Power Station site has progressed and brings with it plans to build an entirely new sustainable and smart community with over 2,000 homes.

We will continue to endeavour in the future to bring forward more strategic employment sites to maintain the levels of investment we have recently experienced. In addition, the Housing Revenue Account will see unprecedented investment in new housing stock over the medium term.

##### 4.2 Future investments

Provision exists within the General Fund Capital Programme for a District Investment Fund (£5,645,000). The Fund is seen as vital if we are to improve our Town Centres and Train Stations and facilitate further economic growth. Skills and Infrastructure are important ingredients for economic growth in the future. Additional resource has also been included within the revenue budget for Economic Development in order to progress this investment strategy.

The 2021/22 programme also saw the inclusion of Rugeley ATP (£844,000) which slipped due to Covid-19 from 20/21 – with provision being made for an expansion of the current ATP in order to deliver the play and pitch strategy of the District.

Similarly, the Housing Revenue Account includes initiatives whereby in addition to its normal housing investment programme for its existing stock, provision is included within the medium term capital programme for continued development of the Hawks Green site totalling £3.379 million, £1.340 million was spent in 20/21 and the remaining works all due to be completed by

December 2021. The purchase of the Aelfgar Site totalling £1.600 million and £9.240 million for new build social housing in the district.

The above initiatives supplement the £12.639 million of capital investment, in relation to both General Fund and Housing Revenue Account assets, already existing in the 2021/22 capital programme. The key areas of spend are; -

#### General Fund

- Disabled facilities grants (private residents) £1.822 million
- Rugeley ATP £0.794 million
- Stadium Development Phase 2 £0.381 million
- Play Area and Open Space Penny Cress Green £0.186 million

#### Housing Revenue Account

- Aelfgar Site £1.521 million
- Hawks Green Residential £1.450 million
- Disabled facilities grants on council housing £0.665 million
- External envelopes works £1.476 million
- Central heating upgrades £0.971 million
- Upgrading electrical systems £0.911 million
- Sheltered Schemes works £0.474 million

### **4.3 Financially sustainable**

The Council plans its finances over a medium-term 4 year rolling period for revenue and capital and it includes all known financial pressures that it faces over the medium term in its Financial Plan.

The Council approved its three-year budget to 2023/24 in February 2021 however like all other authorities a great deal of uncertainty exists post 2020/21 and in particular the ongoing impact of COVID -19.

Detailed figures are only available for 2021-22 pending the implementation of changes to the local Government funding regimes and material deficits exist in 2022-23 and 2023-24 based upon the implications of such changes. The Council have set aside previously earmarked reserves to provide transitional funding pending the development of a sustainable medium-term budget following the outcome of the proposed changes.

The Council continues to progress the areas within its direct control with balanced budgets set for 2021/22. However, a great deal of uncertainty exists post 2021/22 with the key risks arising from fundamental changes to Government Funding-

- 75% Business Rates Retention; Fair Funding and Business Rates Reset were due to be implemented in 20/21 but delayed both in 20/21 and 21/22 and have now been deferred to 22/23 leaving the medium term position unclear.
- Ongoing uncertainty that exists in relation to the longevity of the New Homes Bonus grant scheme with details of the outcome of the latest consultation still awaited.

In particular the proposed Reset of Business Rates Growth and changes to the New Home Bonus scheme are likely to change a previously ongoing balanced budget to one of material deficits. However, this is based upon the council's own assumptions rather than actual Government proposals. Pending the determination of the basis of the reset and any transitional arrangements a variety of scenarios exist and a middle ground 50% Partial Reset has been assumed in financial projections.

The Council is currently looking at the sharing of a Chief Executive and further services and this combined with service reviews will provide options to deal with the various scenarios to

the changes in the level of government funding. The risks in relation to such funding are detailed below.

The Financial risks to the Council can therefore be summarised as follows:

- Central government funding –The Provisional Settlement is for one year only with the changes to the Local Government Finance Regime now set to be introduced in 2022-23. No details are available from 2022-23 onwards with Local Government funding expected to be subject to considerable change, arising from the planned implementation of Fair Funding and a revised 75% Business Rates Retention Scheme in that year.
- The settlement stated that once the pandemic is over, the Government will continue to work with local government to understand the lasting impact it has had on both service demands and revenue raising. The priorities for reform of the local government finance system, taking account of wider work on the future of the business rates tax and on the Adult Social Care system will be revisited. Final decisions will be taken in the context of next year's Spending Review. The government has made considerable cuts in public spending. Further austerity measures will inevitably lead to the Council being under continuing pressure to deliver significant budget savings going forward. 2022/23 onwards will see the Council's Government funding streams being limited to New Homes Bonus (replacement housing incentive scheme) and Business Rates and each contains a material volatility element reflecting the prevailing economic climate. Retained Business Rates represents the only funding stream with a minimum level of funding guaranteed with our current level of income above that being at risk. There are also risks in relation to any potential impacts of the COVID pandemic on future funding.
  - New Homes Bonus - in relation to New Homes Bonus (NHB) the Provisional Settlement reiterates the Government's commitment to reforming the NHB, and this year will be the final year under the current approach. A consultation document on the future of the New Homes Bonus, including options for reform, was published in the spring of 2021. The Council awaits the outcome of this consultation and proposed changes and in particular how the payments of the current four year entitlement to NHB generated in a particular year (legacy payments) are to be dealt with.

Based upon the uncertain nature of this funding stream and in order to promote sustainability, future budgets only reflect the entitlement based upon existing legacy commitments.

- Business Rates Retention Scheme – 2019/20 was intended to be the seventh and final year of the current regime for collecting National Non Domestic Rates (50% Business Rates Retention). Income being shared between central government, the Council, Staffordshire County Council, Staffordshire Commissioner Fire and Rescue Service and the Stoke on Trent and Staffordshire Business Rates Pool. For 2019/20 the Council was part of a 75% Business rates pilot. The continuation of the Business rates regime occurred in 2020/21 and the continuation of the scheme into 2021/22 carries the following financial risks for the Council:
  - Failure to collect business rates income in accordance with the "Start-Up" funding assessment;
  - Failure to collect business rates billed;
  - Reduced business rates collectable as a result of appeals.
  - Delays in new developments
  - The impact of COVID 19

The introduction of the 75% business rates retention in 2022/23 carries further risks for the Council.

The actual baseline or minimum level of business rates will be reassessed based upon a fair funding review and its distribution is likely to change between the two tiers +of local government in county areas.

The biggest risk however is in relation to the planned Reset of growth achieved to date. Three potential options exist in relation to the basis of the reset, notably No

Reset (All growth retained); Full Reset (No growth retained) or Partial Reset (Proportion of growth retained) with the growth not retained being redistributed across the local government sector.

At present the level of growth retained by the Council is some £1.7 million and hence the reset methodology used together with any transitional arrangements will be a key element in determining this council's medium term financial sustainability.

More robust figures will be determined as further details become available from the Government however actual details for this Council for Business rates; Fair Funding and New Homes Bonus will not be known until the late autumn of 2021 at the earliest.

- COVID 19

The impact of Covid-19 is likely to be long-lasting and the Council's approach of Response, Recovery and Reform is likely to be ongoing with the potential requirement to re-track to a previous stage.

Although separate provision exists within the Medium Term Budget for the potential impact of COVID 19 for 2021-22 to 2023-24 it is difficult to predict the exact impact.

The Council is likely to face both cost pressures and loss of income from sales fees and charges, business rates and Council Tax. Cost pressures mainly relate to the potential increase in the Management Fee to Inspiring Healthy Lifestyles (IHL) reflecting the impact on their income. The aftermath of the pandemic is likely to have impacts on the leisure industry post 2021-22 and hence it is likely that the terms and conditions of the previously agreed (in principle) extension of the contract by 10 years from February 2022 will need to be reviewed.

As part of its financial planning the Council also identifies its key financial issues in relation to its own income and expenditure to ensure they are taken into account when considering the budget. Some of the key issues facing the Council in the future are:

- Social Housing Rents – the government policy from 2020/21 is that rents can be increased by a maximum of 1% plus CPI, although this gives greater resources for investment going forward the previous reductions have had a fundamental impact on the housing business plan.
- Income levels – a number of main income streams, pre covid, were subject to demand, in particular parking, bereavement services and planning. The Council has limited means to address issues of demand. However, income is an area that receives particular budget monitoring attention with new or diverse forms of income being explored.
- Interest rates – the on-going period of low interest rates has impacted on investment returns. Any overall decrease in rates will reduce income and vice versa.
- Inflationary pressures – price inflation was relatively low in March 2021 but is now presently volatile, nevertheless provision exists as per the Bank of England's 2% target.;
- Pension's costs – the Council continues to face the pressure of the rising costs of pension's provision with costs increasing by 2% per annum.

## 5. Explanation of Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

### 5.1 Statements to the Accounts

Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Council and the Chief Finance Officer (Deputy Managing Director)

Auditor's report gives the auditor's opinion of the financial statements and of the council's arrangements for securing economy, efficiency and effectiveness in the use of resources,

### 5.2 Core Financial Statements

**Comprehensive Income and Expenditure Account**– This shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount funded from Council Tax and other government grants. The amount funded from Council Tax and grants differ from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement.

**Movement in Reserves Statement** - This statement provides a summary of the changes that have taken place in the Council's reserves over the financial year by analysing the increase or decrease. Reserves are divided into 'Usable' that can be invested in capital projects or service improvements, and 'Unusable' which must be set aside for specific purposes and cannot be used to fund expenditure.

**Balance Sheet** – shows the value of the Council's assets and liabilities at the Balance Sheet date. These are matched by reserves which are split into two categories, Usable and Unusable reserves. Unusable reserves are not available to support services and are in the main used to hold unrealised gains and losses, where the actual gain or loss will only become available once another event has occurred. For example, the Revaluation Reserve for Non-Current assets will only become available if the asset is sold and the full value of the asset realised.

**Cash Flow Statement** – shows the changes in the Council's cash and cash equivalents during the reporting period. The statement shows how 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 by the recipient of services provided. 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. Cashflows arising from financing activities are useful when predicting claims on future cashflows to the Council by providers of capital, i.e., borrowing.

### 5.3 Supplementary Statements

**Housing Revenue Account** – This statement reflects a statutory obligation to account separately for local authority housing provision. Income and expenditure on Council Housing is 'ring fenced' within the HRA. The statement shows the economic cost in the year of providing housing services rather than the amount to be funded from rent and government grants. Authorities charge rents 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. The Account is self-financing, and contributions from the General Fund Account are not permitted.

**Collection Fund** - is an agents' statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and Non-Domestic Rates (NDR) and its distribution to precepting bodies.

**Glossary** - This provides an explanation of the technical terms contained within the Statement of Accounts.

#### **5.4 Notes to the Accounts**

**Expenditure & Funding Analysis** - This note was a new requirement for the 2016/17 accounts and shows the expenditure and income which is reported to management as part of the final accounts outturn and scrutiny reports. It then seeks to demonstrate the adjustments which are made to comply with International Financial Standards to arrive at the figures reported within the Comprehensive Income and Expenditure Statement (these are analysed in more detail in note 7 to the accounts).

#### **5.5 Main Changes to the Core Statements and Significant Transactions in 2020/21**

There were no major changes to the statements for 2020/21. This was partly due to the requirement to prepare for changes to IFRS 16 Leasing. Due to the COVID pandemic, implementation of this standard has been deferred to the 1 April 2021.

##### **Comprehensive Income and Expenditure Account (page 27)**

- The net cost of services show an increase of £2.195 million compared with 19/20. This principally relates to reductions in General fund income £1.641 million, changes in capital transactions, and pension cost changes. Further details are included within note 5 to the accounts.
- There is a decrease in other operating expenditure of £0.081 million. This is primarily due to an increase in Parish Precepts partly offset by gains/losses of disposal of non-current assets.
- There is a decrease in financing and investment income of £1.081 million, this relates to changes in pension interest costs £0.584 million and changes in investment property fair value £0.245 million.
- There is a surplus on revaluation of Property, Plant and Equipment of £17.548 million reflecting asset valuations. The General Fund element of this was £1.032 million which relates to valuation of Other land and buildings with valuation date of 31 March 2021. The Housing Revenue Account element is £16.516 million reflecting full revaluation of housing stock and land and buildings at 31 March 2021.
- There is an actuarial loss of £11.909 million which is primarily due to changes in the financial assumptions - pension, salary and discount rates used to value the pension fund assets.
- Taxation and non-specific grant income show an increase of £3.140 million; this is principally due to non-ring fenced government grants (£2.843 million), this is due to Covid support grants including, Sales fees & charges support grant £0.709 million, local authority support grant £1.533 million, self-isolation payments £0.076 million and local authority discretionary grant £0.297 million.

##### **Balance Sheet (page 30)**

- Property, Plant and Equipment have increased by £12.918 million; this is largely due to the revaluation of assets £9.212 million, additions in year £5.033 million, less disposals £1.324 million.
- Short term investments have increased by £5.999 million reflecting a change in year end holdings.
- Short term debtors have increased by £4.622 million relating to increase in government debtors (£1.167 million) relating to housing benefit subsidy £0.648 million and sales, fees and charges grants £0.344 million. Local taxation - NNDR debtors and Local taxation - Council tax have also increased by £0.876 million and £1.584 million respectively reflecting the year end position on the collection fund.



- Cash and cash equivalents have reduced by £4.175 million which reflects the year end holdings of money market and call account funds
- Short term creditors have increased by £3.715 million; this principally reflects an increase in central government creditors of £4.597 million relating to receipts in advance changes of £3.154 million in relation to covid grant funding and government business rates year end position of £1.704 million. This has been offset by a reduction in Local taxation - Council Tax and NNDR of £1.681 million reflecting the year end position on the Collection Fund.
- Capital grants received in advance have increased by £0.507 million. This is due to £0.514k of Grants being received during year but for which eligible expenditure has not yet been incurred.
- The pension fund liability has increased from £61.764 million to £69.281 million, an increase of £7.517 million which is largely due to the changes in financial assumptions on discounts and pension interest rates. The discounts, salary and pension rates assumptions are determined by the Actuary and represent the market conditions at the reporting date.
- Usable reserves have increased overall by £13.852 million primarily reflecting the following;
  - Increase in Business rate reserve of £6.345 million principally due to S31 grant for Nursery & expanding retail, this increase relates to Section 31 grant which has been paid as a result of the business rate reliefs granted by the Government for Retail, Hospitality and Nurseries. Due to the business rates rules this will be applied in 2021/22 to the collection fund to reduce the deficit shown.
  - Increase in General Earmarked reserves of £2.024 million including £0.492 million for pension interest, cost and additional contribution to reserves of £0.692 million in the general fund outturn.
  - Increase in Housing Revenue Account Earmarked Reserves of £2.585 million, this relates to an increased Revenue Contribution to Capital Outlay balance of £2.555 million reflecting reduced application to capital financing.
  - Increase in Major repairs reserve of £1.950 million reflecting contribution made in year less application to financing.
- Unusable reserves have reduced overall by £6.731 million primarily relating to changes in the Revaluation Reserve (Increase of £13.901 million), an increase to the pensions reserve liability of £12.960 million reflecting changes in financial assumptions discount and pension interest rates. There is a difference of £5.443 million between this figure and the pension liability reflecting the pension prepayment. Collection fund adjustment account has increased by £6.546 million reflecting the year end position.

#### **Cash Flow Statement (page 31)**

- There is a decrease of £4.175 million in cash and cash equivalents at the end of the reporting period. This is due partly to the non cash movements of Pension liability relating to the payments made to the fund and deficit on post-employment benefits and also due to the increased purchase of short term investments.

**CERTIFICATION OF ACCOUNTS  
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 Head of Finance with S151 responsibilities;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

**The Head of Finance with S151 Responsibilities**

The Head of Finance 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 of Practice").

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice.

The Head of Finance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

**Certification by Head of Finance**

I certify that this Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and of its income and expenditure for the year ended 31 March 2021.

Date .....

T Willis CPFA - Interim Head of Finance

\* this certificate replaces the previous version signed on the 22 February 2022

**Certification by the Chairman of the Audit and Governance Committee**

I certify that the Statement of Accounts relating to the year ended 31 March 2021 was considered and approved by the Audit and Governance Committee of the Council on 25 April 2022.

Date .....

Councillor P G C Jones - Chair of the Audit and Governance Committee

\* signed copy held in Finance

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## COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2019/20				2020/21		
Gross Expend £000	Gross Income £000	Net Expend £000		Gross Expend £000	Gross Income £000	Net Expend £000
2,517	(585)	1,932	Corporate Improvement	3,076	(555)	2,521
6,525	(2,158)	4,367	Environment	5,988	(1,667)	4,321
5,104	(676)	4,428	Culture & Sport	5,199	(265)	4,934
3,244	(2,539)	705	Economic Development	3,643	(1,636)	2,007
556	(241)	315	Housing General Fund	672	(349)	323
23,325	(22,731)	594	Health & Wellbeing	24,476	(23,349)	1,127
222	(132)	90	Town Centre Regeneration	442	(116)	326
2,200	(670)	1,530	Leader of the Council	2,591	(953)	1,638
551	(139)	412	Crime & Partnerships	543	(100)	443
44,244	(29,871)	14,373		46,630	(28,990)	17,640
16,154	(20,151)	(3,997)	Housing Revenue Account	14,995	(20,064)	(5,069)
60,398	(50,022)	10,376	<b>Cost of Services</b>	61,625	(49,054)	12,571
			372 Other operating expenditure (Note 13)			291
			5,501 Financing and investment income and expenditure (Note 14)			4,420
			(15,625) Taxation and non-specific grant income (Note 15)			(18,765)
			<b>624 (Surplus) / Deficit on Provision of Services</b>			<b>(1,483)</b>
			(19,303) (Surplus) or deficit on revaluation of Property, Plant and Equipment assets (Note 28)			(17,548)
			- (Surplus) or deficit on revaluation of available for sale financial assets (Note 28)			-
			(21,955) Remeasurement of the net defined benefit liability / asset (Note 28)			11,909
			<b>(41,258) Other Comprehensive Income and Expenditure</b>			<b>(5,639)</b>
			<b>(40,634) Total Comprehensive Income and Expenditure</b>			<b>(7,122)</b>

## MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. The Statement shows how the movements in year of the council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund and Housing Revenue Account Balance movements in the year following those adjustments.

The balance at 31 March for Usable Reserves represents the amount available for use in the delivery of services.

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked General Fund Reserves £000	Earmarked Housing Revenue Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 31 March 2020</b>	<b>(1,000)</b>	<b>(1,663)</b>	<b>(16,078)</b>	<b>(8,445)</b>	<b>(9,455)</b>	<b>(4,509)</b>	<b>(2,181)</b>	<b>(43,331)</b>	<b>(103,648)</b>	<b>(146,979)</b>
<b>Other transfers (Note 12)</b>	-	-	-	-	-	-	-	-	-	-
<b>Movement in reserves during 2020/21</b>										
(Surplus)/deficit on the provision of services	1,349	(2,831)	-	-	-	-	-	(1,482)	-	(1,482)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(5,639)	(5,639)
<b>Total Comprehensive Income and Expenditure</b>	<b>1,349</b>	<b>(2,831)</b>	-	-	-	-	-	<b>(1,482)</b>	<b>(5,639)</b>	<b>(7,121)</b>
Adjustments between accounting basis & funding basis under regulations (Note 11)	(9,384)	67	-	-	(713)	(1,950)	(390)	(12,370)	12,370	-
<b>Net (Increase)/Decrease before Transfer to Earmarked Reserves</b>	<b>(8,035)</b>	<b>(2,764)</b>	-	-	<b>(713)</b>	<b>(1,950)</b>	<b>(390)</b>	<b>(13,852)</b>	<b>6,731</b>	<b>(7,121)</b>
Transfers to/from Earmarked Reserves (Note 12)	8,020	2,585	(8,020)	(2,585)	-	-	-	-	-	-
Internal recharges to HRA	(129)	129	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2020/21</b>	<b>(144)</b>	<b>(50)</b>	<b>(8,020)</b>	<b>(2,585)</b>	<b>(713)</b>	<b>(1,950)</b>	<b>(390)</b>	<b>(13,852)</b>	<b>6,731</b>	<b>(7,121)</b>
<b>Balance at 31 March 2021</b>	<b>(1,144)</b>	<b>(1,713)</b>	<b>(24,098)</b>	<b>(11,030)</b>	<b>(10,168)</b>	<b>(6,459)</b>	<b>(2,571)</b>	<b>(57,183)</b>	<b>(96,917)</b>	<b>(154,100)</b>

The Total General Fund balance at 31 March 2021 is £25.242 million, comprising a working balance of £1.144 million and earmarked reserves of £24.098 million.

The Total Housing Revenue Account balance at 31 March 2021 is £12.744 million, comprising a working balance of £1.713 million and earmarked reserves of £11.030 million.

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £000	Housing Revenue Account Balance £000	Earmarked General Fund Reserves £000	Earmarked Housing Revenue Reserves £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
<b>Balance at 31 March 2019</b>	<b>(2,916)</b>	<b>(1,573)</b>	<b>(10,887)</b>	<b>(5,225)</b>	<b>(8,377)</b>	<b>(2,433)</b>	<b>(1,681)</b>	<b>(33,092)</b>	<b>(73,253)</b>	<b>(106,345)</b>
<b>Transfer of reserves</b>	<b>1,624</b>	-	(1,624)	-	-	-	-	-	-	-
<b>Movement in reserves during 2019/20</b>										
(Surplus)/deficit on the provision of services	1,591	(967)	-	-	-	-	-	<b>624</b>	-	<b>624</b>
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	(41,258)	<b>(41,258)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>1,591</b>	<b>(967)</b>	-	-	-	-	-	<b>624</b>	<b>(41,258)</b>	<b>(40,634)</b>
Adjustments between accounting basis & funding basis under regulations (Note 11)	(4,669)	(2,540)			(1,078)	(2,076)	(500)	<b>(10,863)</b>	10,863	-
<b>Net (Increase)/Decrease before Transfer to Earmarked Reserves</b>	<b>(3,078)</b>	<b>(3,507)</b>	-	-	<b>(1,078)</b>	<b>(2,076)</b>	<b>(500)</b>	<b>(10,239)</b>	<b>(30,395)</b>	<b>(40,634)</b>
Transfers to/from Earmarked Reserves (Note 12)	3,567	3,220	(3,567)	(3,220)	-	-	-	-	-	-
Internal recharges to HRA	(197)	197	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2019/20</b>	<b>292</b>	<b>(90)</b>	<b>(3,567)</b>	<b>(3,220)</b>	<b>(1,078)</b>	<b>(2,076)</b>	<b>(500)</b>	<b>(10,239)</b>	<b>(30,395)</b>	<b>(40,634)</b>
<b>Balance at 31 March 2020</b>	<b>(1,000)</b>	<b>(1,663)</b>	<b>(16,078)</b>	<b>(8,445)</b>	<b>(9,455)</b>	<b>(4,509)</b>	<b>(2,181)</b>	<b>(43,331)</b>	<b>(103,648)</b>	<b>(146,979)</b>

The Total General Fund balance at 31 March 2020 is £17.078 million, comprising a working balance of £1.000 million and earmarked reserves of £16.078 million.

The Total Housing Revenue Account balance at 31 March 2020 is £10.108 million, comprising a working balance of £1.663 million and earmarked reserves of £8.445 million.

## BALANCE SHEET

The Balance Sheet shows the value as at 31 March 2021 of the assets and liabilities recognised by the Council. 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 are Usable 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 includes reserves that hold unrealised gains and losses (for example Revaluation Reserve) where amounts would only become available to provide services if the assets are sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

<b>31 March 2020 £000</b>		<b>Notes</b>	<b>31 March 2021 £000</b>
256,163	Property, Plant & Equipment	16	269,081
296	Heritage Assets	17	296
1,315	Investment Properties	18	1,186
65	Intangible Assets	19	9
368	Assets for Sale	24	-
57	Long Term Debtors	20	57
<b>258,264</b>	<b>Long Term Assets</b>		<b>270,629</b>
3,503	Short Term Investments	20	9,502
102	Inventories	21	98
5,958	Short Term Debtors	22	10,580
35,113	Cash and Cash Equivalents	23	30,938
<b>44,676</b>	<b>Current Assets</b>		<b>51,118</b>
(326)	Short Term Borrowing	20	(326)
(8,660)	Short Term Creditors	25	(12,375)
(144)	Grants Receipts in Advance-Revenue	37	(190)
(892)	Grants Receipts in Advance-Capital	37	(1,399)
<b>(10,022)</b>	<b>Current Liabilities</b>		<b>(14,290)</b>
(21)	Long Term Creditors	20	(17)
(81,605)	Long Term Borrowing	51	(81,605)
(2,077)	Provisions	26	(2,220)
(21)	Other Long Term Liabilities	50	(11)
(61,764)	Pensions	43	(69,281)
(451)	Finance Lease	40	(223)
<b>(145,939)</b>	<b>Long Term Liabilities</b>		<b>(153,357)</b>
<b>146,979</b>	<b>Net Assets</b>		<b>154,100</b>
(43,331)	Usable Reserves	27	(57,183)
(103,648)	Unusable Reserves	28	(96,917)
<b>(146,979)</b>	<b>Total Reserves</b>		<b>(154,100)</b>

## 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.

<b>2019/20</b> <b>£000</b>	<b>2020/21</b> <b>£000</b>
<b>624</b> Net (surplus) or deficit on the provision of services	<b>(1,483)</b>
<b>(18,747)</b> Adjustments to net surplus or deficit on the provision of services for non-cash movements (Note 29)	<b>(7,489)</b>
<b>4,968</b> Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 29)	<b>4,752</b>
<b>(13,155)</b> Net cash flows from Operating Activities	<b>(4,220)</b>
<b>(5,113)</b> Investing Activities (Note 30)	<b>5,709</b>
<b>3,256</b> Financing Activities (Note 31)	<b>2,686</b>
<b>(15,012)</b> Net (increase) / decrease in cash and cash equivalents	<b>4,175</b>
<b>20,101</b> Cash and cash equivalents at the beginning of the reporting period	<b>35,113</b>
<b>35,113</b> Cash and cash equivalents at the end of the reporting period (Note 23)	<b>30,938</b>



## NOTES TO THE ACCOUNTS

### 1. Accounting Policies

#### i General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year end of 31 March 2021. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

In compiling the disclosure notes the Council has given due regard to materiality and therefore detailed disclosures are not given for items below £50,000 unless there is a statutory override. The general principle used for rounding is to the nearest £000's.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The accounts have been prepared on a going concern basis.

#### ii Accruals of Income and Expenditure

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

The Council operates a de minimus for accruals of £2,000. In particular:

- Revenue 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 of the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their 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 or 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.
- Where revenue and expenditure have 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 debts may not be settled the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### iii Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

#### iv Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future year 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 performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

#### **v 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 property, plant and equipment 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
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue 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 Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

#### **vi Employee Benefits**

##### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (for example, leased cars) for current employees are recognised as an expense for services in the year in which employees render the service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, for example, time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which 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 and are charged on an accruals basis to the relevant Portfolio in 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 the costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

##### **Post Employment Benefits**

Employees of the Council are members of the Local Government Pension Scheme, administered by Staffordshire County Council. The scheme provided defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council.

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

- The liabilities of the Staffordshire County Council (SCC) pension fund attributable to the Council are included on 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, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using an appropriate discount rate determined by the actuary.
- The assets of the SCC 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
  - property - market value
- The change in the net pensions liability is analysed into seven components:
  - current service cost - the increase in liabilities as a result of years of 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement within the Leader of The Council line as part of Non-distributed costs.
  - 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.
  - 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.
  - 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 SCC pension fund - 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 the 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 cash flows rather than as benefits are earned by employees.

## **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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.

## **vii 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 events can be identified:

- 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
- 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 effect, 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.

## **viii Financial Instruments**

### **Financial Liabilities**

Financial liabilities 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 and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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 held by the Council, 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.

Discounts on the early repayment of loans are apportioned between the General Fund and HRA with the General Fund element being credited immediately and the HRA share being amortised over 10 years.

### **Financial Assets**

Financial assets are classified based on the business model for holding the assets and based on the make up of the cashflows. There are three main classes of financial asset measured at:

- amortised cost
- fair value through profit or loss (FVPL)
- 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 who contractual payments are not solely payment of principal and interest (ie 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 value 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).

Any gains/losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Council. The Council has also extended lifetime losses to lease receivables.

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 or remains low, losses are assessed on the basis of 12 month expected credit losses.

## **ix Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council where there is 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 transferred to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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.

### **Community Infrastructure Levy**

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy which is a planning charge. The income from the levy will be used to fund infrastructure projects to support the development of the area.

CIL is received without outstanding conditions, it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund expenditure. However a small proportion of the charges may be used to fund revenue expenditure.

## **x Heritage Assets**

### **Tangible and Intangible Heritage Assets**

The Council's heritage assets comprise the Civic Regalia and Museum artefacts. The collections are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council'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 policies on property, plant & equipment. However some of the measurement rules are relaxed in relation to heritage assets as detailed below.

### **Civic Regalia**

These items are reported in the Balance Sheet based on the latest valuation available which for this item is insurance valuation.

### **Museum Artefacts**

These items are reported in the Balance Sheet based on the latest valuation available which for this item is insurance valuation.

### **Heritage Assets - General**

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment (see note xvii in this summary of significant accounting policies). The Council may occasionally dispose of heritage assets if unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see notes xvii in this summary of significant accounting policies).

## **xi Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use 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 (research and development expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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 in Reserves Statement and posted to the Capital Adjustment Account and (for sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **xii Interests in Companies and Other Entities**

The Council has no material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts.

## **xiii Inventories and Long Term Contracts**

Inventories are included in the Balance Sheet at the lower of cost or 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.

#### **xiv Investment Properties**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or services.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. They are not depreciated but are revalued annually at fair value. Gains and losses on revaluation and disposal are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for 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 in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

#### **xv Leases**

Leases are classified as finance leases where the lease terms 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 building 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**

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 is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

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 line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is 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 (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, 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 services benefiting from use of the leased property, plant and equipment. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of 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 as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in 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 in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in 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 has been 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 for 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 property, plant and equipment 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 Other Operating Expenditure line 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 (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **xvi Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance. This means that the majority of the recharges are excluded as the budgets are produced and reported on within service segments at a controllable level for the General Fund, with only a small number of recharges included within the reported performance. The Housing Revenue Account (HRA) includes all recharges from support services as this is the basis on which this is reported.

## **xvii Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rentals 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 the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The de-minimus value for items to be treated as capital expenditure is £20,000.



## Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets - depreciated historical cost (DHC)
- assets under construction - cost
- surplus assets - the current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use (EUV).

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

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be 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)
- 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(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 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 the accumulated gains)
- 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(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for 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 finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:-

- dwellings and other buildings - straight-line allocation over the life of the property as estimated by the valuer
- council housing - 75 years
- vehicles, plant and equipment - straight-line allocation on historic cost over 5 years or over the period of the lease
- infrastructure - straight-line allocation on historic cost over 25 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has established a de minimus threshold in relation to componentisation of £1 million or 10% of the total asset value.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their 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 Other Operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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, amortisation 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 reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Account as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Account also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment 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.

#### **xviii Provisions, Contingent Liabilities and Contingent Assets**

##### **Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

##### **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.

##### **Contingent Assets**

A contingent asset arises where 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.

#### **ix Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement 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, retirement and employee benefits and do not represent usable resources for the Council - these reserves are explained in the relevant policies.

#### **xx Revenue Expenditure Funded from Capital under Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but that 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 that there is no impact on the level of council tax.

## **xxi VAT**

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## **xxii Debt Redemption**

In accordance with the requirements of the Local Government Act 2003, the Council is required to set aside a Minimum Revenue Provision (MRP) for the repayment of debt. This is equal to 4% of the General Fund Capital Financing requirement adjusted for an opening year balance. If depreciation on the General Fund does not equal this amount, then a transfer either to or from the Capital Adjustment Account (CAA) is required for the difference. Amounts set aside as transfers to reserves are disclosed separately on the face of the Movement in Reserves statement.

## **xxiii Interest Charges**

The amount of interest chargeable to the HRA is calculated in accordance with a calculation prescribed by Central Government.

## **xxiv Tax Income (Council Tax, Non-Domestic Rates (NDR) and Rates)**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and as principals, collecting council tax and NDR for ourselves. We are required to maintain a separate fund (i.e. Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and 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 authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

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.

## **xxv Fair Value Measurement**

The Council measures some of its non-financial assets such as surplus assets and investment properties and its financial instruments for certificates of deposit 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
- Level 3 - unobservable inputs for the asset or liability.

## 2. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2019/20 Code. The Code also requires that changes in accounting policy are applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

New standards introduced in the Code that apply from 1 April 2020 are:

- Amendments to IAS28 Investments in Associates and Joint Ventures: Long-term Investments in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

These changes are not expected to have a material impact on the Council's accounts.

There was planned to be changes to the IFRS 16 Leasing Standard which will require authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities. CIPFA / LASAAC have deferred implementation for local government to 1 April 2021.

## 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, 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:

- **Future levels of government funding**  
There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.
- **Capital Receipt Mill Green**  
The Council has sold a piece of land for which it is receiving the income in stage payments according to the contract. For 2018/19 a capital debtor of £3.4m has been included as the council has judged that this is a binding payment from the sale of the site but which in accordance with the contract physical payment is not required until certain triggers are reached. This amount was received on 01/06/21.

#### 4. Assumptions Made About The Future And Other Major Sources Of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet as at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property Plant and Equipment	Assets are depreciated over useful lives that are dependant on assumptions about the level of repairs and maintenance that will be incurred 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 fall. It is estimated that the annual depreciation charge would increase by £884,000 for every year that useful lives had to be reduced.
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.	The effects on the net pensions liability of changes in individual assumptions can be measured. The actuary has provided sensitivity information about the effects of changes in assumptions. The financial effects of these changes are detailed in note 43 to the accounts.
Sundry debt arrears	At 31 March 2021 the Council's balance of sundry debts was £3.612m. A review of significant balances suggested that an impairment of doubtful debts of 78.37% was appropriate (£2.831m). However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate by 1% an additional £36,000 would need to be set aside as allowance.
Council tax arrears	At 31 March 2021 the Council's share of the council tax debtors included in the councils accounts was £1.121m. A review of significant balances suggested that an impairment of doubtful debts of 70.92% (£795,000) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £11,000 to set aside as an allowance.
Business rate arrears	At 31 March 2021 the Council's share of the business rates debtors included in the councils accounts was £818,000. A review of significant balances suggested that an impairment of doubtful debts of 73.91% (£605,000) was appropriate. However, in the current economic climate this level of debt will require constant monitoring.	If collection rates were to deteriorate for a 1% increase in the amount of impairment of doubtful debts would require an additional £8,000 to set aside as an allowance.
Business rates appeals	At 31 March 2020 the Council's share of the business rates appeals included in the Council's accounts was £2,021m.	If there was an increase of 1% in the appeals percentages this would require an additional £161,000 to be set aside.

## 5. Material Items of Income and Expense

The Code requires that where items are not disclosed on the face of the Comprehensive Income and Expenditure Account, that the nature and amount of material items should be disclosed in a note to the accounts. The material items of income and expenses for 2020/21 are as follows:

There has been an increase in the net cost of services of £2.195 million this is primarily due to the following:

<b>General Fund:</b>	<b>£000</b>	<b>£000</b>
Pensions Current Service Cost	(643)	
Capital Charges	9	
Past Service Costs	49	
Holiday Pay	47	
Bad Debts	22	
Misc Markets Rates	22	
Off Street Parking Rates	14	
Homeless bed and breakfast costs	151	
Homelessness & Housing Advice Income	(100)	
Managing Director Leaving	167	
CIL Receipts	583	
Cannock Chase SAC & S106 receipts	78	
Development Control Income	218	
Golf Course Income	158	
Car Parks Income	466	
Corporate - Pensions Interest Adj	465	
Corporate - Computer Services	188	
Leisure Planning & Marketing - Other Contract	114	
New Code - Leisure Management - Other Contract Fees	191	
Landlords Repairs	63	
Economic Development - Ext Funded - Prof Fees	182	
Local Plan	79	
Head Of Commissioning - Reduced Disc Rate Relief	58	
Development Control Staffing Costs	74	
Process Team - Staffing	123	
Council Tax - Court Fees	216	
Licensing Income	40	
Corporate Initiatives - Prof Fees	89	
Corporate management - Audit Fees	25	
Garden Waste	41	
Civic Offices Rents & Service Charges	30	
Local Taxation - Other Grants	75	
Council Tax Recovered Legal Costs	62	
CSD Grounds Maint -TA - Agency & Sals etc	(107)	
Other Movements	18	
	<hr/>	<b>3,267</b>
<b>Housing Revenue Account:</b>		
Pensions Current Service Cost	(168)	
Capital Charges	(1,223)	
Decrease Dwelling Income	63	
Grounds Maintenance	(47)	
Gas Maintenance	44	
Increase Holiday Pay	29	
Increase Provision For Bad Debts	(63)	
Increased Rates	47	
Stores Issues	104	
Reduced recharges to capital	58	
Increased Agency	100	
Other Movements	(16)	
	<hr/>	<b>(1,072)</b>
		<hr/> <b>2,195</b> <hr/>

## 6. Expenditure and Funding Analysis

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

2019/2020					2020/2021					
Net Expend Chargeable to the General Fund	Ear-marked Reserves	Adjust's between the Funding and Accounting Basis	Internal Recharge	Net Expend in the CIES		Net Expend Chargeable to the General Fund	Ear-marked Reserves	Adjust's between the Funding and Accounting Basis	Internal Recharge	Net Expend in the CIES
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
1,969	(109)	61	11	1,932	Corporate Improvement	2,039	21	450	10	2,520
2,809	(48)	646	960	4,367	Environment	3,157	(116)	357	922	4,320
3,269	(202)	2,080	(719)	4,428	Culture & Sport	4,082	(358)	1,967	(756)	4,935
1,334	(1,057)	444	(16)	705	Economic Development	1,604	157	262	(16)	2,007
387	(97)	20	5	315	Housing	470	(139)	(12)	5	324
833	(490)	272	(21)	594	Health & Wellbeing	1,301	(185)	26	(15)	1,127
202	-	(94)	(18)	90	Town Centre Regeneration	393	(47)	(4)	(16)	326
1,332	8	190	-	1,530	Leader of the Council	1,247	119	273	-	1,639
368	34	15	(5)	412	Crime & Partnerships	404	44	(1)	(5)	442
12,503	(1,961)	3,634	197	14,373		14,697	(504)	3,318	129	17,640
(3,986)	(3,219)	3,405	(197)	(3,997)	Housing Revenue Account	(4,299)	(2,585)	1,944	(129)	(5,069)
8,517	(5,180)	7,039	-	10,376	<b>Net Cost of Services</b>	10,398	(3,089)	5,262	-	12,571
(8,315)	(1,607)	170	-	(9,752)	Other Income and Expenditure	(10,593)	(7,516)	4,055	-	(14,054)
<b>202</b>	<b>(6,787)</b>	<b>7,209</b>	<b>-</b>	<b>624</b>	<b>(Surplus)/Deficit on Provision of Services</b>	<b>(195)</b>	<b>(10,605)</b>	<b>9,317</b>	<b>-</b>	<b>(1,483)</b>
(4,489)	(16,112)				Opening General Fund & HRA Balance Balance	(2,663)	(24,523)			
1,624	(1,624)				Transfer to Earmarked Reserves	-	-			
202	(6,787)				Less/Plus Surplus or Deficit on General Fund & HRA Balance in year	(195)	(10,605)			
<b>(2,663)</b>	<b>(24,523)</b>				<b>Closing General Fund &amp; HRA Balance at 31 March 2021 *</b>	<b>(2,858)</b>	<b>(35,128)</b>			

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



## 7. Expenditure and Funding Analysis

### Adjustments between Funding and Accounting Basis 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non-Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000	£000	£000
Corporate Improvement	18	422	10	450	-	450
Environment	431	(68)	2	365	(8)	357
Culture & Sport	1,984	(22)	13	1,975	(7)	1,968
Economic Development	233	(53)	6	186	75	261
Housing	-	(12)	-	(12)	-	(12)
Health & Wellbeing	11	(94)	15	(68)	93	25
Town Centre Regeneration	338	(15)	1	324	(337)	(13)
Leader of the Council	572	(293)	8	287	(15)	272
Crime & Partnerships	8	(10)	1	(1)	-	(1)
Sub Total	3,595	(145)	56	3,506	(199)	3,307
Housing Revenue Account	5,344	(158)	18	5,204	(3,260)	1,944
<b>Net Cost of Services</b>	<b>8,939</b>	<b>(303)</b>	<b>74</b>	<b>8,710</b>	<b>(3,459)</b>	<b>5,251</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	(7,293)	1,354	6,546	607	3,459	4,066
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services</b>	<b>1,646</b>	<b>1,051</b>	<b>6,620</b>	<b>9,317</b>	<b>-</b>	<b>9,317</b>

### Adjustments between Funding and Accounting Basis 2019/20

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Statutory Adjustments	Total Statutory Adjustments	Other Non-Statutory Adjustments	Total Adjustments
	£000	£000	£000	£000	£000	£000
Corporate Improvement	10	53	(2)	61	-	61
Environment	547	104	7	658	(12)	646
Culture & Sport	2,056	31	-	2,087	(7)	2,080
Economic Development	276	70	(2)	344	100	444
Housing	-	16	4	20	-	20
Health & Wellbeing	11	119	(3)	127	145	272
Town Centre Regeneration	215	6	(2)	219	(313)	(94)
Leader of the Council	475	(247)	7	235	(45)	190
Crime & Partnerships	-	15	-	15	-	15
Sub Total	3,590	167	9	3,766	(132)	3,634
Housing Revenue Account	6,568	141	(11)	6,698	(3,293)	3,405
<b>Net Cost of Services</b>	<b>10,158</b>	<b>308</b>	<b>(2)</b>	<b>10,464</b>	<b>(3,425)</b>	<b>7,039</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	(5,263)	1,938	70	(3,255)	3,425	170
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the the Provision of Services</b>	<b>4,895</b>	<b>2,246</b>	<b>68</b>	<b>7,209</b>	<b>-</b>	<b>7,209</b>

## Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and 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 through 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.

## Net Change for the Pensions Adjustments

For the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and Income:

- 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.
- Financing and investment income and expenditure - the net interest on the defined benefit liability is charged to the CIES.

## Other Statutory Adjustments

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

- Financing and investment income and expenditure - the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- Taxation and non-specific grant income and expenditure - represents the difference between what is chargeable under statutory regulations for council tax and NNDR 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.

## Other Non-statutory Adjustments

Other non-statutory adjustments represent amounts debited/credited to service segments which need to be adjusted against the 'Other income and expenditure from the Expenditure and Funding Analysis' line to comply with the presentational requirements in the Comprehensive Income and Expenditure Statement:

- Financing and investment income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for interest income and expenditure.
- Taxation and non-specific grant income and expenditure - the other non-statutory adjustments column recognises adjustments to Portfolios e.g. for unringfenced government grants.
- The Council's reportable segments are based on the portfolios of the Council as structured by members and service departments.

## 8. Segmental Income

Income received from external customers (excluding grants) on a segmental basis is analysed below:

2019/20		2020/21
£000		£000
585	Corporate Improvement	555
2,167	Environment	1,626
666	Culture & Sport	266
2,634	Economic Development	1,794
62	Housing	100
2,333	Health & Wellbeing	2,187
506	Town Centre Regeneration	266
626	Leader of the Council	946
139	Crime & Partnerships	100
<u>9,718</u>	<b>Sub Total</b>	<u>7,840</u>
20,151	Housing Revenue Account	20,064
<u><b>29,869</b></u>	<b>Total income analysed on a segmental basis</b>	<u><b>27,904</b></u>

## 9. Expenditure and Income Analysed by Nature

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

2019/20		2020/21
£000		£000
	<b>Expenditure</b>	
16,959	Employee benefits expenses	17,568
33,737	Other services expenses	35,386
10,760	Depreciation, amortisation, impairment	9,301
5,211	Interest payments	4,621
695	Precepts and levies	758
(323)	Gain / loss on the disposal of assets	(466)
-	Gain / Loss on non current deferred receipts	-
<u><b>67,039</b></u>	<b>Total Expenditure</b>	<u><b>67,168</b></u>
	<b>Income</b>	
(29,869)	Fees, charges and other service income	(27,904)
(267)	Interest and investment income	(510)
(13,045)	Income from council tax and non-domestic rates	(12,440)
(23,234)	Government grants and contributions	(27,797)
<u><b>(66,415)</b></u>	<b>Total Income</b>	<u><b>(68,651)</b></u>
<u><b>624</b></u>	<b>Surplus or Deficit on the Provision of Services</b>	<u><b>(1,483)</b></u>

## 10. Revenue from Contracts with Service Recipients

The Council exposure to this area is only in relation to a limited number of areas. These are:

- a) Planning fees
- b) Land charges fees
- c) Building control

These amounts occur due to timings from receipt of monies to processing of application. There are no contract assets or liabilities held for either 2020/21 or 2019/20.

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

<b>2019/20</b> <b>£000</b>		<b>2020/21</b> <b>£000</b>
90	Revenue from contracts with service recipients	80
<b>90</b>	<b>Total Included in Comprehensive Income and Expenditure Statement</b>	<b>80</b>

Amounts included in the Balance Sheet for contracts with service recipients:

<b>2019/20</b> <b>£000</b>		<b>2020/21</b> <b>£000</b>
90	Receivables, which are included within debtors (note 22)	80
<b>90</b>	<b>Total Included in Net Assets</b>	<b>80</b>

The value of revenue that is expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the year is:

<b>31 March</b> <b>2020</b> <b>£000</b>		<b>31 March</b> <b>2021</b> <b>£000</b>
90	Not later than one year	80
-	- Later than one year	-
<b>90</b>	<b>Amounts of transaction price, partially or fully unsatisfied</b>	<b>80</b>

## 11. Adjustments Between Accounting Basis And Funding Basis Under Regulations

This note details the adjustments that are made to the Comprehensive Income and Expenditure Account recognised by the Council in 2020/21 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 Balance

The General Fund is the statutory fund into which all the receipts of an authority 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.

### Housing Revenue Account Balance

The Housing Revenue Account (HRA) Balance reflects the statutory obligation to maintain a revenue account for Local Authority council housing provision in accordance with Part VI 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.

**Major Repairs Reserve**

The Council is required to maintain the Major Repairs Reserve, which controls the application of the 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 MRA that has yet to be applied at the year-end.

**Capital Receipts Reserve**

The 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 the year end.

**Capital Grants Unapplied**

The Capital Grants Unapplied Account (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 meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	Usable Reserves						
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Movement in Unusable Reserves £000
<b>2020/21</b>							
<b>Adjustments to the Revenue Resources</b>							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
o Pension costs (transferred to / (or from) the Pensions Reserve)	(1,209)	158	-	-	-	(1,051)	1,051
o Council Tax and NDR (transfer to / (or from) Collection Fund)	(6,546)	-	-	-	-	(6,546)	6,546
o Holiday pay (transferred to the Accumulated Absences Reserve)	(56)	(18)	-	-	-	(74)	74
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,934)	(6,035)	-	-	(586)	(9,555)	9,555
<b>Total Adjustments to the Revenue Resources</b>	<b>(10,745)</b>	<b>(5,895)</b>	<b>-</b>	<b>-</b>	<b>(586)</b>	<b>(17,226)</b>	<b>17,226</b>
<b>Adjustments between Revenue and Capital Resources</b>							
o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	462	2,265	(2,727)	-	-	-	-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(5)	(38)	43	-	-	-	-
o Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	(523)	523	-	-	-	-
o Posting of HRA resources from revenue to the Major Repairs Reserve	-	4,249	-	(4,249)	-	-	-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	475	10	-	-	-	485	(485)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	429	-	-	-	-	429	(429)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,361</b>	<b>5,963</b>	<b>(2,161)</b>	<b>(4,249)</b>	<b>-</b>	<b>914</b>	<b>(914)</b>
<b>Adjustments to Capital Resources</b>							
o Use of Capital Receipts Reserve to finance capital expenditure	-	-	1,448	-	-	1,448	(1,448)
o Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	2,299	-	2,299	(2,299)
o Application of capital grants to finance capital expenditure	-	-	-	-	196	196	(196)
o Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>1,448</b>	<b>2,299</b>	<b>196</b>	<b>3,943</b>	<b>(3,943)</b>
<b>Total Adjustments</b>	<b>(9,384)</b>	<b>68</b>	<b>(713)</b>	<b>(1,950)</b>	<b>(390)</b>	<b>(12,369)</b>	<b>12,369</b>

	Usable Reserves						
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Movement in Unusable Reserves £000
<b>2019/20</b>							
<b>Adjustments to the Revenue Resources</b>							
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:							
o Pension costs (transferred to / (or from) the Pensions Reserve)	(2,106)	(140)	-	-	-	(2,246)	2,246
o Council Tax and NDR (transfer to / (or from) Collection Fund)	(70)		-	-	-	(70)	70
o Holiday pay (transferred to the Accumulated Absences Reserve)	(9)	11	-	-	-	2	(2)
o Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(4,518)	(8,070)	-	-	(500)	(13,088)	13,088
<b>Total Adjustments to the Revenue Resources</b>	<b>(6,703)</b>	<b>(8,199)</b>	<b>-</b>	<b>-</b>	<b>(500)</b>	<b>(15,402)</b>	<b>15,402</b>
<b>Adjustments between Revenue and Capital Resources</b>							
o Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,517	2,327	(3,844)	-	-	-	-
o Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(4)	(51)	55	-	-	-	-
o Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	(523)	523	-	-	-	-
o Posting of HRA resources from revenue to the Major Repairs Reserve	-	3,896	-	(3,896)	-	-	-
o Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	480	10	-	-	-	490	(490)
o Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	41		-	-	-	41	(41)
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,034</b>	<b>5,659</b>	<b>(3,266)</b>	<b>(3,896)</b>	<b>-</b>	<b>531</b>	<b>(531)</b>
<b>Adjustments to Capital Resources</b>							
o Use of Capital Receipts Reserve to finance capital expenditure	-	-	2,188	-	-	2,188	(2,188)
o Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	1,820	-	1,820	(1,820)
o Application of capital grants to finance capital expenditure	-	-	-	-	-	-	-
o Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-
<b>Total Adjustments to Capital Resources</b>	<b>-</b>	<b>-</b>	<b>2,188</b>	<b>1,820</b>	<b>-</b>	<b>4,008</b>	<b>(4,008)</b>
<b>Total Adjustments</b>	<b>(4,669)</b>	<b>(2,540)</b>	<b>(1,078)</b>	<b>(2,076)</b>	<b>(500)</b>	<b>(10,863)</b>	<b>10,863</b>

## 12. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in 2020/21.

	Balance at 31 March 2019 £000	Transfer out 2019/20 £000	Transfers in 2019/20 £000	Balance at 31 March 2020 £000	Transfer out 2020/21 £000	Transfers in 2020/21 £000	Balance at 31 March 2021 £000
<b>General Fund</b>							
<b>Revenue</b>							
General	5,126	(3,591)	3,519	5,054	(2,710)	5,198	7,542
Section 106	3,251	(776)	1,331	3,806	(642)	868	4,032
Commuted Sums	200	(67)	399	532	(37)	58	553
Grants	583	(129)	1,756	2,210	(1,114)	613	1,709
Business Rates Reserve	52	(52)	101	101	(101)	6,447	6,447
New Homes Bonus	101	(609)	508	-	-	-	-
<b>Sub Total</b>	<b>9,313</b>	<b>(5,224)</b>	<b>7,614</b>	<b>11,703</b>	<b>(4,604)</b>	<b>13,184</b>	<b>20,283</b>
<b>Capital</b>							
RCCO	1,418	(828)	-	590	(575)	-	15
Capital	156	(292)	3,921	3,785	(1,201)	1,216	3,800
<b>Sub Total</b>	<b>1,574</b>	<b>(1,120)</b>	<b>3,921</b>	<b>4,375</b>	<b>(1,776)</b>	<b>1,216</b>	<b>3,815</b>
<b>General Fund Sub Total</b>	<b>10,887</b>	<b>(6,344)</b>	<b>11,535</b>	<b>16,078</b>	<b>(6,380)</b>	<b>14,400</b>	<b>24,098</b>
<b>HRA</b>							
Housing	1,750	-	138	1,888	(55)	85	1,918
RCCO	3,475	-	3,082	6,557	-	2,555	9,112
<b>HRA Sub Total</b>	<b>5,225</b>	<b>-</b>	<b>3,220</b>	<b>8,445</b>	<b>(55)</b>	<b>2,640</b>	<b>11,030</b>
<b>Total Revenue Reserves</b>	<b>16,112</b>	<b>(6,344)</b>	<b>14,755</b>	<b>24,523</b>	<b>(6,435)</b>	<b>17,040</b>	<b>35,128</b>

General Reserves relate to monies earmarked for future superannuation increases, building maintenance, internal leasing and IT, insurance liabilities and future budget support.

The Business Rates Reserve balance is not available for general use. This represents the Council's share of the deficit on the Collection Fund for 2020/21. This reserve has been set aside to absorb the timing difference in accounting for collection fund balances.

## 13. Other Operating Expenditure

2019/20 £000	2020/21 £000
688 Parish council precepts	751
(846) (Gains)/Losses on the disposal of non-current assets:	(989)
7 Levies	7
523 Pooling of Capital Receipts	523
<b>372 Total</b>	<b>292</b>

## 14. Financing and Investment Income and Expenditure

2019/20 £000	2020/21 £000
3,273 Interest Payable & Similar Charges	3,267
(2,681) Net interest on the net defined benefit liability (asset)	(2,471)
4,619 Remeasurements of the net defined benefit liability/(asset)	3,825
(267) Interest Receivable and similar income	(510)
374 Investment properties changes in fair value	129
(76) Income and Expenditure in relation to investment properties	(70)
281 (Gain) / loss on trading accounts	313
(22) Expected credit loss allowance	(63)
<b>5,501 Total</b>	<b>4,420</b>



## 15. Taxation and Non Specific Grant Incomes

2019/20		2020/21
£000		£000
(1,124)	Capital grants and contributions	(2,027)
(7,000)	Precepts on the Collection Fund	(7,172)
	- Revenue Support Grant	-
(6,045)	Non domestic rates	(5,267)
(1,456)	Non ring-fenced government grants	(4,299)
<u>(15,625)</u>	<b>Total</b>	<u>(18,765)</u>

## 16. Property, Plant and Equipment

### Movements on Balances

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
<b>Movements in 2020/21</b>									
<b>Cost or Valuation</b>									
◦ at 1 April 2020	193,416	60,556	2,613	1,313	105	319	362	312	258,996
◦ Additions	1,428	164	467	-	-	-	-	2,974	5,033
◦ Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,914	(1,174)	-	-	-	-	9	-	11,749
◦ Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,106)	(306)	-	-	-	-	-	-	(1,412)
◦ Derecognition - disposals	(1,223)	(89)	-	-	-	-	-	-	(1,312)
◦ Derecognition - other	(27)	-	(23)	-	-	-	-	-	(50)
◦ Assets reclassified (to)/from Held For Sale	-	-	-	-	-	-	-	-	-
◦ Other movements in cost or valuation	-	-	-	-	-	-	-	-	-
<b>at 31 March 2021</b>	<b>205,402</b>	<b>59,151</b>	<b>3,057</b>	<b>1,313</b>	<b>105</b>	<b>319</b>	<b>371</b>	<b>3,286</b>	<b>273,004</b>
<b>Accumulated Depreciation and Impairment</b>									
◦ at 1 April 2020	(568)	(212)	(1,401)	(649)	(5)	-	-	-	(2,835)
◦ Depreciation charge	(2,824)	(3,477)	(393)	(221)	(4)	-	(5)	-	(6,924)
◦ Depreciation written out to the Revaluation Reserve	2,523	3,271	-	-	-	-	5	-	5,799
◦ Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
◦ Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
◦ Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
◦ Derecognition - disposals	17	-	-	-	-	-	-	-	17
◦ Derecognition - other	2	-	19	-	-	-	-	-	21
◦ Other movements in depreciation and impairment	-	-	-	-	-	-	-	-	-
<b>at 31 March 2021</b>	<b>(850)</b>	<b>(418)</b>	<b>(1,775)</b>	<b>(870)</b>	<b>(9)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,922)</b>
<b>Net Book Value</b>									
<b>at 31 March 2021</b>	<b>204,552</b>	<b>58,733</b>	<b>1,282</b>	<b>443</b>	<b>96</b>	<b>319</b>	<b>371</b>	<b>3,286</b>	<b>269,082</b>
<b>at 31 March 2020</b>	<b>192,849</b>	<b>60,344</b>	<b>1,212</b>	<b>664</b>	<b>101</b>	<b>319</b>	<b>362</b>	<b>312</b>	<b>256,163</b>

<b>Movements in 2019/20</b>	<b>Council Dwellings £000</b>	<b>Other Land &amp; Buildings £000</b>	<b>Vehicles, Plant, Furniture &amp; Equipment £000</b>	<b>Leased Plant &amp; Equipment £000</b>	<b>Infrastructure £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets Under Construction £000</b>	<b>Total Property, Plant and Equipment £000</b>
<b>Cost or Valuation</b>									
o at 1 April 2019	179,505	63,703	1,772	1,313	105	319	-	1,942	248,659
o Additions	2,270	276	459	-	-	-	-	311	3,316
o Revaluation increases/(decreases) recognised in the Revaluation Reserve	14,442	(1,216)	-	-	-	-	-	-	13,226
o Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,664)	(584)	-	-	-	-	6	-	(3,242)
o Derecognition - disposals	(1,485)	(1,308)	-	-	-	-	-	-	(2,793)
o Derecognition - other	(184)	-	(420)	-	-	-	-	-	(604)
o Assets reclassified (to)/from Held For Sale	-	(368)	-	-	-	-	-	-	(368)
o Other movements in cost or valuation	1,532	53	802	-	-	-	356	(1,941)	802
<b>at 31 March 2020</b>	<b>193,416</b>	<b>60,556</b>	<b>2,613</b>	<b>1,313</b>	<b>105</b>	<b>319</b>	<b>362</b>	<b>312</b>	<b>258,996</b>
<b>Accumulated Depreciation and Impairment</b>									
o at 1 April 2019	(286)	(637)	(645)	(428)	-	-	-	-	(1,996)
o Depreciation charge	(2,648)	(3,318)	(374)	(221)	(4)	-	-	-	(6,565)
o Depreciation written out to the Revaluation Reserve	2,334	3,743	-	-	-	-	-	-	6,077
o Depreciation written out to the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-	-	-	-
o Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
o Derecognition - disposals	21	-	-	-	-	-	-	-	21
o Derecognition - other	12	-	420	-	-	-	-	-	432
o Other movements in depreciation and impairment	-	-	(802)	-	-	-	-	-	(802)
<b>at 31 March 2020</b>	<b>(567)</b>	<b>(212)</b>	<b>(1,401)</b>	<b>(649)</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,833)</b>
<b>Net Book Value</b>									
<b>at 31 March 2020</b>	<b>192,849</b>	<b>60,344</b>	<b>1,212</b>	<b>664</b>	<b>101</b>	<b>319</b>	<b>362</b>	<b>312</b>	<b>256,163</b>
<b>at 31 March 2019</b>	<b>179,219</b>	<b>63,066</b>	<b>1,127</b>	<b>885</b>	<b>105</b>	<b>319</b>	<b>-</b>	<b>1,942</b>	<b>246,663</b>

## Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings - 75 years
- Council Dwellings components - 7.5 to 20 years
- Other Land and Buildings - 1 to 65 years
- Vehicles - 5 to 6 years
- Equipment - 5 to 7 years
- Infrastructure Assets - 25 years

## Capital Commitments

At 31 March 2021 the Council has entered into a number of major contracts for the construction or enhancement of Property, Plant and Equipment in 2020/21 and future years budgeted to cost £2,040,000.00. Similar commitments as at 31 March 2020 were £2,933,000. The major commitment is for new housing stock and associated works £1,815,000.00.

## Valuation Information

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. Land and Buildings are subject to detailed valuation every 5 years.

The valuations are carried out by the external valuer, Lambert Smith Hampton (Director TD Sandford BSc MRICS).

The Housing Revenue fixed assets valuations were completed by Mrs R. Holland Dip, Est. Man. M.R.I.C.S who is employed by the Council.

For operational properties, valuations have been arrived at by reference to one of the following bases of valuation:

- Market Value for Existing Use (MVEU) where there is sufficient market evidence of market transactions for that use;
- Depreciated Replacement Cost (DRC) where the asset is of a specialised nature or where there is no evidence of market value of suitable comparable properties;
- Non-operational properties have been valued on an open market basis;
- The valuation of the housing stock has been undertaken on the basis of Existing Use Value - Social Housing. The Council have now used the DCLG value reduction on social housing which is a discount rate of 60%.

The significant assumptions applied in estimating the fair values are:

- The apportionment between land and buildings has been undertaken in accordance with RICS Valuation Standards by deducting the value of the land for existing use from the valuation with the residual sum being the depreciable amount attributable to the building.
- In the appraisal of useful life regard is had to the Council's continuing use of the asset being equal to the physical and economic life of the building assuming a programme of reasonable maintenance.

	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Leased Plant & Equipment £000	Infrastructure £000	Community Assets £000	Surplus Assets £001	Assets under construction £000	Total Property, plant and Equipment £000
Carried at historical cost	-	-	1,282	443	96	319	-	3,286	5,426
valued at fair value as at :									
31 March 2017	-	865	-	-	-	-	-	-	865
31 March 2018	-	2,499	-	-	-	-	-	-	2,499
31 March 2019	-	4,070	-	-	-	-	-	-	4,070
31 March 2020	-	3,296	-	-	-	-	371	-	3,667
31 March 2021	204,552	48,004	-	-	-	-	-	-	252,556
<b>Total Cost or Valuation</b>	<b>204,552</b>	<b>58,734</b>	<b>1,282</b>	<b>443</b>	<b>96</b>	<b>319</b>	<b>371</b>	<b>3,286</b>	<b>269,083</b>

## 17. Heritage Assets

Heritage Assets are held by the authority of £296,000 comprising Civic Regalia (£35,000) and Exhibits (£261,000). There were no changes to these values in either 2020/21 or 2019/20.

## 18. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2019/20 £000	2020/21 £000
76 Rental Income from Investment Property	70
<b>76 Net Gain / (loss)</b>	<b>70</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

2019/20 £000	2020/21 £000
1,689 Balance at start of the year	1,315
(374) Net gains/losses from fair value adjustments	(129)
<b>1,315 Balance at end of year</b>	<b>1,186</b>

### Fair Value Measurement of Investment Property

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is their current use.

The fair value of the properties is based on Level 2 inputs in the fair value hierarchy. These have been based on the market approach using current market conditions and recent sales prices (where available to the market) and other relevant information for similar assets in the local authority area.

There have been no transfers between levels of the fair value hierarchy and valuation techniques from those used in 2019/20.

The fair value of the Council's investment properties is measured annually at each reporting date. All valuations are carried out externally, in accordance with the methodologies and bases for estimation set out in the professional

standards of the Royal Institution of Chartered Surveyors.

## 19. Intangible Assets

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 and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets currently relate only to purchased licences as the Council does not currently have any internally generated intangible assets.

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 carrying amount of intangible assets is amortised on a straight-line basis.

Due to the low value of the Council's intangible asset amortisation a detailed disclosure of where the charge is made to the Comprehensive Income and Expenditure Account is not provided.

The movement on purchased Intangible Asset balances during the year is as follows:

<b>2019/20</b>		<b>2020/21</b>
<b>Total</b>		<b>Total</b>
<b>£000</b>		<b>£000</b>
	<b>Balance at start of year:</b>	
578	Gross carrying amounts	578
(410)	Accumulated amortisation	(513)
<b>168</b>	<b>Net carrying amount at start of year</b>	<b>65</b>
	<b>Additions:</b>	
-	- Purchases	-
(103)	Amortisation for the period	(56)
<b>65</b>	<b>Net carrying amount at end of year</b>	<b>9</b>
	<b>Comprising:</b>	
578	Gross carrying amounts	578
(513)	Accumulated amortisation	(569)
<b>65</b>		<b>9</b>

The table below shows the amortisation profile of the intangible assets.

<b>Carrying Amount</b>		<b>Carrying Amount</b>
<b>31 March 2020</b>		<b>31 March 2021</b>
<b>£000</b>		<b>£000</b>
	<b>Remaining Amortisation Period</b>	
47	1 Year	9
18	2 Years	-
-	- 3 Years	-
-	- 4 Years	-
-	- 5 Years	-
<b>65</b>		<b>9</b>

The Council revalues intangible assets where there is an active market, however it is currently considered that there is no active market for the software held and they have consequently not been revalued.

## 20. Financial Instruments

### Categories of Financial Instruments

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

	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	Non-current				Current				Total	Total
Financial Assets	Investments		Debtors		Investments		Debtors		£000	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost:										
Short Term Investments	-	-	-	-	3,503	9,502	-	-	3,503	9,502
Cash & Cash Equivalents	-	-	-	-	35,113	30,938	-	-	35,113	30,938
Long Term Debtors	-	-	57	57	-	-	-	-	57	57
Trade Debtors	-	-	-	-	-	-	4,587	4,839	4,587	4,839
Available for Sale	-	-	-	-	-	-	-	-	-	-
<b>Total financial assets</b>	-	-	<b>57</b>	<b>57</b>	<b>38,616</b>	<b>40,440</b>	<b>4,587</b>	<b>4,839</b>	<b>43,260</b>	<b>45,336</b>
Non-financial assets	-	-	-	-	-	-	1,371	5,683	1,371	5,683
<b>Total</b>	-	-	<b>57</b>	<b>57</b>	<b>38,616</b>	<b>40,440</b>	<b>5,958</b>	<b>10,522</b>	<b>44,631</b>	<b>51,019</b>

	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021
	Non-current				Current				Total	Total
Financial Liabilities	Borrowings		Creditors		Borrowings		Creditors		£000	£000
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amortised cost										
Trade Creditors	-	-	-	-	-	-	3,023	3,750	3,023	3,750
Finance Lease	-	-	451	223	-	-	223	228	674	451
Long Term Creditors	-	-	21	17	-	-	-	-	21	17
Borrowing Accrued Interest	-	-	-	-	326	326	-	-	326	326
Long Term Borrowing	81,605	81,605	-	-	-	-	-	-	81,605	81,605
<b>Total financial liabilities</b>	<b>81,605</b>	<b>81,605</b>	<b>472</b>	<b>240</b>	<b>326</b>	<b>326</b>	<b>3,246</b>	<b>3,978</b>	<b>85,649</b>	<b>86,149</b>
Non-financial liabilities	-	-	-	-	-	-	5,414	8,397	5,414	8,397
<b>Total</b>	<b>81,605</b>	<b>81,605</b>	<b>472</b>	<b>240</b>	<b>326</b>	<b>326</b>	<b>8,660</b>	<b>12,375</b>	<b>91,063</b>	<b>94,546</b>

## Reclassifications

There were no reclassifications during 2020/21.

## Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

### Income, Expense, Gains and Losses

	2019/20		2020/21	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Interest Revenue:				
Financial assets measured at amortised cost	(284)	-	(69)	-
<b>Total interest Revenue</b>	<b>(284)</b>	<b>-</b>	<b>(69)</b>	<b>-</b>
<b>Interest Expense</b>	<b>3,249</b>	<b>-</b>	<b>3,249</b>	<b>-</b>
<b>(Surplus) / deficit arising on revaluation of financial assets in Other comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net (gain)/loss for the year</b>	<b>2,965</b>	<b>-</b>	<b>3,180</b>	<b>-</b>

### Changes in the Valuation Technique

There has been no change in the valuation technique used during the year for the financial instruments.

### The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

All of the Council's financial assets and liabilities have been classified as and are held in the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB, new loan borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer as an alternative this value is also disclosed.
- For loans receivable, prevailing benchmark rates have been used to provide the fair value;
- No early repayment or impairment is recognised
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.



## Mark to Model Valuation for Financial Instruments

All the financial assets are classed at amortised cost and held with Money Market Funds and Notice Accounts. The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, the Council has used a financial model valuation provided by Link Asset Services. This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future at today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The Council's accounting policy is to use new borrowing rates to discount the future cash flows.

The fair values calculated are as follows:

31 March 2020			31 March 2021	
Carrying Amount	Fair Value	Financial Liabilities	Carrying Amount	Fair Value
£000	£000		£000	£000
81,931	108,431	PWLB Debt	81,931	116,829
3,023	3,023	Trade Payables	3,750	3,750
223	223	Short Term Creditor - Finance Lease	228	228
21	21	Long Term Creditors	17	17
451	451	Other Long Term Liabilities - Finance Leases	223	223
<b>85,649</b>	<b>112,149</b>	<b>Total Financial Liabilities</b>	<b>86,149</b>	<b>121,047</b>

The fair value of liabilities is greater than the carrying amount because the Council's portfolio of loans includes a fixed rate loan where the interest payable is higher than the rates available for similar loans in the market place at 31 March 2021. This shows a notional loss (based on economic conditions at 31 March 2021) arising from a commitment to pay interest to lenders above market rates.

The fair value of Public Works Loan Boards of £116.829m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at 31 March 2021. The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loan under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

As the Council has a continued ability to borrow at concessionary rates from the PWLB rather than the market, the fair value calculated at premature repayment rate to reflect the interest that would be charged including a penalty charge for penalty interest would be £143.814m.

31 March 2020			31 March 2021	
Carrying Amount	Fair Value	Financial Assets	Carrying Amount	Fair Value
£000	£000		£000	£000
3,503	3,503	Fixed Term Deposits	9,502	9,502
35,113	35,113	Cash & Cash Equivalents	30,938	30,938
57	57	Long Term Debtors	57	57
4,587	4,587	Trade Receivables	4,839	4,839
<b>43,260</b>	<b>43,260</b>	<b>Total Financial Assets</b>	<b>45,336</b>	<b>45,336</b>

There is no difference in the fair value of the assets held at year end as the interest rates available at 31 March 2021 are comparable with the investment return.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

## 21. Inventories

The Council carries stock as consumable stores and maintenance materials and the balance carried is not material, therefore detailed disclosure notes of movements are not required. At 31 March 2021 the balance of stocks held was £98,000, a decrease of £4,000 from the previous financial year.

## 22. Debtors

### Short Term Debtors

31 March 2020 £000		31 March 2021 £000
325	Central Government	1,492
4,587	Trade Debtors	4,838
325	Pre Payments	958
218	Local taxation - Council Tax	1,802
241	Local taxation - NNDR	1,175
262	Other Receivables	315
<b>5,958</b>		<b>10,580</b>

The balances detailed above are net of impairment allowances. The amount of impairment allowance per category is set out below:

31 March 2020 £000		31 March 2021 £000
(756)	Trade receivables	(753)
(722)	Local taxation - Council Tax	(795)
(368)	Local taxation - NNDR	(605)
(3,091)	Other receivable amounts	(2,998)
<b>(4,937)</b>		<b>(5,151)</b>

The balances below set out the debtors for Local Taxation gross of any impairment allowance.

### Debtors for Local Taxation - Council Tax

31 March 2020 £000		31 March 2021 £000
49	Less than three months	199
141	Three to six months	151
189	Six months to one year	152
561	More than one year	619
<b>940</b>		<b>1,121</b>

### Debtors for Local Taxation - NNDR

31 March 2020 £000		31 March 2021 £000
64	Less than three months	34
75	Three to six months	65
54	Six months to one year	130
416	More than one year	589
<b>609</b>		<b>818</b>

## 23. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2020 £000		31 March 2021 £000
	<b>Current Assets</b>	
33,014	Cash equivalents held by the Council	30,000
2,096	Bank current accounts	935
3	Cash held by the Council	3
<b>35,113</b>	<b>Total Cash and Cash Equivalents</b>	<b>30,938</b>

## 24. Assets Held For Sale

There were no Assets held for sale as at 31 March 2021 (31 March 2020 £368,000).

## 25. Short Term Creditors

31 March 2020 £000		31 March 2021 £000
3,271	Central Government	7,868
490	Local taxation - Council Tax	169
1,510	Local taxation - NNDR	150
3,023	Trade payables	3,750
366	Other payables	438
<u>8,660</u>		<u>12,375</u>

## 26. Provisions

### (i) Current Liabilities

There are no short term provisions as at 31 March 2021 (2020 £nil).

### (ii) Long Term Liabilities

	Insurance £000	Business Rates Appeals £000	Total £000
Balance at 1 April 2020	156	1,921	2,077
Additional provisions	50	605	655
Amounts used in 2020/21	(7)	(505)	(512)
<b>Balance at 31 March 2021</b>	<b>199</b>	<b>2,021</b>	<b>2,220</b>

The balance at 31 March 2021 of £2,021,000 reflects the Council's share of the provision for business rates appeals. The business rates provision is an estimate as detailed in note 4 to the accounts. It is included within long term liabilities as there is uncertainty on timing and amount.

## 27. Usable Reserves

31 March 2020 £000		31 March 2021 £000
(1,000)	General Fund Balance	(1,144)
(1,663)	HRA Balance	(1,713)
	<b>Earmarked Reserves:</b>	
(16,078)	General Fund	(24,099)
(8,445)	Housing Revenue Account	(11,029)
(9,455)	Capital Receipts Reserve	(10,168)
(2,181)	Capital Grants Unapplied	(2,571)
(4,509)	Housing Revenue Account - Major Repairs Reserve	(6,459)
<u>(43,331)</u>	<b>Total Usable Reserves</b>	<u>(57,183)</u>

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Notes 11 and 12.

## 28. Unusable Reserves

<b>31 March 2020 £000</b>	<b>31 March 2021 £000</b>
(95,861) Revaluation Reserve	(109,762)
- Available for Sale Financial Instruments Reserve	-
(69,548) Capital Adjustment Account	(68,497)
61,764 Pensions Reserve	74,724
(57) Deferred Capital Receipts Reserve	(57)
(32) Collection Fund Adjustment Account	6,514
86 Accumulated Absences Account	161
<b><u>(103,648)</u> Total Unusable Reserves</b>	<b><u>(96,917)</u></b>

### Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost,
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

<b>2019/20 £000</b>		<b>2020/21 £000</b>
<b>(80,083)</b>	<b>Balance at 1 April</b>	<b>(95,861)</b>
(21,684)	Upward revaluation of assets	(19,593)
2,381	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	2,045
<hr/>	(19,303) Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<hr/>
		(17,548)
2,959	Difference between fair value depreciation and historical cost depreciation	3,359
566	Accumulated gains on assets sold or scrapped	287
<hr/>	3,525 Amount written off to the Capital Adjustment Account	<hr/>
		3,646
<b><u>(95,861)</u></b>	<b>Balance at 31 March</b>	<b><u>(109,763)</u></b>

### Available for Sale Financial Instruments Reserve

The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

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

<b>2019/20</b> <b>£000</b>		<b>2020/21</b> <b>£000</b>
	- <b>Balance at 1 April</b>	-
-	Downward revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	-
	Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income	-
-		-
- <b>Balance at 31 March</b>		-

The 2018/19 Code of Practice on Local Authority Accounting has adopted IFRS 9 Financial Instruments. As a result of the implementation of IFRS 9, the Available for Sale Reserve has been decommissioned and the balance has been written off to the investment held in the balance sheet as it was redeemed during 2018/19.

## Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference 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 depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a 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 recognised 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 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 11 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20 £000		2020/21 £000
<b>(74,572)</b>	<b>Balance at 1 April</b>	<b>(69,548)</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	
9,808	Charges for depreciation and impairment of non-current assets	8,334
103	Amortisation of Intangible Assets	56
475	Revenue Expenditure Funded from Capital Under Statute	781
2,945	Amounts of non-current assets written off on disposal or sale as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	1,695
374	Fair Value of Investment Property	129
<hr/> 13,705		<hr/> 10,995
(3,525)	Adjusting amounts written out of the Revaluation Reserve	(3,647)
<hr/> (64,392)	Net written out amount of the cost of non-current assets consumed in the year	<hr/> (62,200)
	Capital financing applied in the year:	
(1,313)	Use of the Capital Receipts Reserve to finance new capital expenditure	(1,448)
(1,820)	Use of the Major Repairs Reserve to finance new capital expenditure	(2,299)
(617)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(1,441)
-	Application of grants to capital financing from the Capital Grants Unapplied Account	(196)
(490)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(485)
(875)	Voluntary set aside	-
(41)	Capital expenditure charged against the General Fund and HRA balances	(429)
<hr/> (5,156)		<hr/> (6,298)
<hr/> <b>(69,548)</b>	<b>Balance at 31 March</b>	<hr/> <b>(68,498)</b>

## Pensions Reserve

The Pensions Reserve absorbs the timing difference 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, updating the liabilities recognised 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 Pensions Reserve therefore shows a substantial shortfall in the 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.

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
<b>81,473</b> Balance at 1 April	<b>61,764</b>
(21,955) Remeasurements of the net defined benefit liability/(asset)	11,909
6,415 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	5,062
(4,169) Employers pensions contributions and direct payments to pensioners payable in the year	(4,011)
<b><u>61,764</u></b> Balance at 31 March	<b><u>74,724</u></b>

## Deferred Capital Receipts Reserve

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

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
<b>(57)</b> Balance at 1 April	<b>(57)</b>
- Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
- Transfer to the Capital Receipts Reserve upon receipt of cash	-
<b><u>(57)</u></b> Balance at 31 March	<b><u>(57)</u></b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>2019/20</b>	<b>2020/21</b>
<b>£000</b>	<b>£000</b>
<b>(102)</b> Balance at 1 April	<b>(32)</b>
21 Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	201
49 Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	6,345
<b><u>(32)</u></b> Balance at 31 March	<b><u>6,514</u></b>

## Accumulated Absences Account

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

2019/20 £000		2020/21 £000
	<b>88 Balance at 1 April</b>	<b>86</b>
(88)	Settlement or cancellation of accrual made at the end of the preceding year	(86)
86	Amounts accrued at the end of the current year	161
	(2) Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	75
	<b>86 Balance at 31 March</b>	<b>161</b>

## 29. Cash flow Statement - Operating Activities

The cash flows for operating activities include the following items:

2019/20 £000		2020/21 £000
(299)	Interest received	(66)
3,272	Interest paid	3,267

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2019/20 £000		2020/21 £000
	<b>Adjust Net Surplus or Deficit on the Provision of Services for Non-Cash Movements</b>	
(6,565)	Depreciation	(6,924)
(3,242)	Impairment and downward valuations	(1,410)
(103)	Amortisation	(56)
50	Increase / (decrease) in impairments for bad debts	(215)
(1,997)	Increase / (decrease) in Creditors	(3,623)
(444)	Increase / (decrease) in Debtors	2,318
(7)	Increase / (decrease) in Stock	(4)
(4,281)	Movement in pension liability	4,392
(2,944)	Carrying amount of non-current assets sold or derecognised	(1,695)
786	Other non-cash items charged to the net surplus or deficit on the provision of services	(272)
	<b>(18,747)</b>	<b>(7,489)</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2019/20 £000		2020/21 £000
	<b>Adjust for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities</b>	
1,124	Capital grants credited to Surplus / Deficit on the Comprehensive Income and Expenditure Statement	2,026
3,844	Proceeds from the sales of Plant, Property and Equipment, Investment Property and Intangible Assets	2,726
	<b>4,968</b>	<b>4,752</b>



### 30. Cash flow Statement - Investing Activities

2019/20 Restated £000		2020/21 £000
4,213	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	4,887
9,000	Purchase of short-term and long-term investments	17,500
(3,844)	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,726)
(13,000)	Proceeds from short-term and long-term investments	(11,500)
(1,482)	Capital grants and income from discounts	(2,452)
<b><u>(5,113)</u></b>	<b>Net cash flows from investing activities</b>	<b><u>5,709</u></b>

### 31. Cash flow Statement - Financing Activities

2019/20 £000		2020/21 £000
221	Cash payments for the reduction of the outstanding liabilities relating to finance leases	227
9	Repayment of short and long term borrowing	10
3,026	Billing authority - Council Tax and NNDR adjustments	2,449
<b><u>3,256</u></b>	<b>Net cash flows from financing activities</b>	<b><u>2,686</u></b>

#### Reconciliation of Liabilities Arising from Financing Activities

	Non-cash changes				31 March 2021 £000
	1 April 2020 £000	Financing cash flows £000	Acquisition £000	Other non cash changes £000	
Long term borrowings	81,626	(10)	-	-	81,616
Short term borrowings	-	-	-	-	-
Lease liabilities	695	(223)	-	-	472
<b>Total liabilities from financing activities</b>	<b><u>82,321</u></b>	<b><u>(233)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>82,088</u></b>

	Non-cash changes				31 March 2020 £000
	1 April 2019 £000	Financing cash flows £000	Acquisition £000	Other non cash changes £000	
Long term borrowings	81,635	(9)	-	-	81,626
Short term borrowings	-	-	-	-	-
Lease liabilities	916	(221)	-	-	695
<b>Total liabilities from financing activities</b>	<b><u>82,551</u></b>	<b><u>(230)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>82,321</u></b>

### 32. Acquired and Discontinued Operations

There are no significant operations which were acquired or discontinued during the year.

### 33. Agency Services

There were no agency services in 2020/21.

### 34. Members Allowances

Members allowances paid during 2020/21 totalled £352,052.64 (2019/20 £376,983.68). Further details are available on the Council's website.

### 35. Officers Remuneration

The remuneration paid to the Council's senior employees is as follows:

#### Senior Officers emoluments 2020/21 - salary is between £50,000 and £150,000 per year

Post Title		Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Managing Director	(i)	111,035	882	17,186	129,103
Deputy Managing Director		90,234	963	15,810	107,007
Head of Environment & Healthy Lifestyles		69,546	963	12,271	82,780
Head of Economic Prosperity		69,536	963	12,212	82,711
Head of Governance & Corporate Services		69,536	963	12,277	82,776
Head of Housing & Partnerships		69,536	963	12,248	82,747
		<b>479,423</b>	<b>5,697</b>	<b>82,004</b>	<b>567,124</b>

- (i) The post of Managing Director became vacant on 28 February 2021. The decision has been made during 2021/22 for the Chief Executive of Stafford Borough Council to cover this role on a shared service basis.

The Council operates a number of shared services with Stafford Borough Council which operate on the basis of a lead authority. The posts set out below are responsible for the provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Deputy Managing Director	Cannock Chase District Council	Stafford Borough Council
Head of Governance & Corporate Services	Cannock Chase District Council	Stafford Borough Council

In addition the Council also receives services from Stafford Borough Council for provision of services to the recipient authority:-

Post	Lead Authority	Recipient Authority
Head of Human Resources	Stafford Borough Council	Cannock Chase District Council
Head of Law & Administration	Stafford Borough Council	Cannock Chase District Council
Head of Technology	Stafford Borough Council	Cannock Chase District Council

**Senior Officers emoluments 2019/20 - salary is between £50,000 and £150,000 per year**

Post Title	Salary, Fees and Allowances £	Benefits in Kind £	Pension Contribution £	Total £
Managing Director	105,756	963	18,247	124,966
Deputy Managing Director	86,367	963	15,072	102,402
Head of Environment & Healthy Lifestyles	67,767	963	11,851	80,581
Head of Economic Prosperity (i)	67,961	963	11,903	80,827
Head of Governance & Corporate Services	67,675	963	11,841	80,479
Head of Housing & Partnerships	67,715	963	11,878	80,556
	<b>463,241</b>	<b>5,778</b>	<b>80,792</b>	<b>549,811</b>

There are no other employees within the Council receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) in 2020/21 or 2019/20.

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out the table below, there were none in 2019/20:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20 £000	2020/21 £000
£0 - £20,000	-	1	-	1	-	2	-	18
£20,001 - £40,000	-	1	-	-	-	1	-	24
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	-	1	-	1	-	148
£150,001+	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>190</b>

**36. External Audit Costs**

The auditors for 2020/21 financial year were appointed by the PSAA (Public Sector Audit Appointments). The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and non-audit services provided by the Council's external auditors:

2019/20 £000	2020/21 £000
45 Fees payable to the Grant Thornton with regard to external audit services carried out by the appointed auditor	63 (i)
22 Fees payable to the Grant Thornton for the certification of grant claims and returns for the year	15
(5) Rebate from the Public Sector Audit Appointments during the year	-
<b>62 Total</b>	<b>78</b>

(i) This includes a scale fee for 20/21 of £40,24, a variations fee for 20/21 of £17,025 and a variation fee for the 19/20 audit of £5,500.

(ii) This relates to grant fees in respect of the 19/20 certification of grant fees.

### 37. Grant Income & Precepts on the Collection Fund

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

2019/20 £000	Credited to Taxation and Non Specific Grant Income	2020/21 £000
	- Revenue Support Grant	-
7,000	Precepts On The Collection Fund	7,172
6,045	NNDR	5,268
1,437	New Homes Bonus	1,478
19	Other general grants	32
979	Capital Grants-General Fund	1,390
145	Capital Grants-HRA	636
	- Sales Fees and Charges Support Grant	709
	- Covid 19 Hardship Fund	116
	- Covid 19 LA Support Grant	1,533
	- Self Isolation Payments	76
	- Local Authority Discretionary Grant	297
	- Business Rates New Burdens Grant	59
<b>15,625</b>	<b>Total</b>	<b>18,765</b>
	<b>Credited to Services</b>	
10,667	Rent Allowances	9,637
8,950	Housing Benefit Subsidy	8,254
265	Housing Benefit Admin Grant	253
136	Cost Of Collection Allowance	136
109	DCLG Local Council Tax Scheme Grant	105
96	Discretionary Housing Payments	117
	- Homelessness Reduction Grants	65
179	Flexible Homelessness Support Grant	140
121	Local Taxation (Grant Fund)	72
10	Elections	-
54	Covid 19	1,193
	- ARG	1,276
	- 13* Business Payments LRSG-O	84
67	Other grants	140
<b>20,654</b>	<b>Total</b>	<b>21,472</b>
	- <b>Amounts not Reported to Management for Decision Making</b>	<b>4</b>
<b>20,654</b>		<b>21,476</b>

The other grants lines shown in the table above includes all grants received less than £50,000 each as these have not been identified separately.

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 giver. The balances at the year-end are as follows:

(i) **Current Liabilities**

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
	<b>Revenue Grants Receipts in Advance</b>	
144	Section 106 Developers Revenue Contributions	190
<u>144</u>	<b>Total</b>	<u>190</u>
	<b>Capital Grants Receipts in Advance</b>	
892	Section 106 Developers Capital Contributions	1,399
<u>892</u>	<b>Total</b>	<u>1,399</u>

The Council does not hold a donated assets account.

**38. Related Parties**

The Council is required to disclose material transactions with related parties - 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 secured the ability to limit another party's ability to bargain freely with the Council.

**Central Government**

Central government has significant influence 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 that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 37 Grant Income and Precepts on the Collection Fund.

**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 34. Details of Members' interests are recorded in the Register of Members' Interest maintained by the Council. During 2020/21 there were no significant works and services commissioned from companies in which members had an interest.

**Officers**

During 2020/21 there were no significant works or services commissioned from companies in which senior officers had an interest.

**Other Public Bodies (subject to common control by central government)**

There are no transactions with other public bodies in 2020/21 that are required to be disclosed.

**Entities Controlled or Significantly Influenced by the Council**

As part of the shared services with Stafford Borough Council, Cannock Chase District Council paid £1.247 million for Stafford Borough Council hosted services and received £2.421 million for services hosted at Cannock.

### 39. Capital Expenditure and Capital Financing

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), 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 used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2019/20 £000	2020/21 £000
<b>93,453</b>	<b>92,088</b>
<b>Opening Capital Financing Requirement</b>	
<b>Capital Investment</b>	
3,316	5,032
475	782
Property, Plant and Equipment Revenue Expenditure Funded from Capital under Statute	
<b>Sources of finance</b>	
(1,313)	(1,449)
(875)	-
(617)	(1,636)
(1,820)	(2,300)
Capital receipts Capital receipts set aside repayment of debt Government grants and other contributions Major Repairs Reserve	
Sums set aside from revenue:	
(41)	(429)
(262)	(252)
(10)	(10)
(218)	(223)
Direct revenue contributions Minimum Revenue Provision (MRP) Walsall Debt Repayment Finance Lease Payment	
<b>92,088</b>	<b>91,603</b>
<b>Closing Capital Financing Requirement</b>	
<b>Explanation of movements in year</b>	
Increase / (Decrease) in underlying need to borrowing (unsupported by government financial assistance)	
(10)	(10)
(1,355)	(475)
HRA General Fund	
<b>(1,365)</b>	<b>(485)</b>
<b>Increase/(decrease) in Capital Financing Requirement</b>	

### 40. Leases

#### Council as Lessee

#### Financing Lease of Vehicles

The Council has a number of leases for refuse vehicles. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet.

The Council is committed to making minimum lease payments under the lease comprising settlement of the long term liability for the interest in the property acquired by the Council and the 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 March 2020 £000	31 March 2021 £000
223	228
451	223
32	16
<b>706</b>	<b>467</b>
<b>Minimum Lease Payments</b>	

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

	Minimum lease Payments		Finance Lease Liabilities	
	2019/20 £000	2020/21 £000	2019/20 £000	2020/21 £000
Not later than one year	239	238	223	228
Later than one year not later than five years	467	229	451	223
Later than five years	-	-	-	-
<b>Minimum Lease Payments</b>	<b>706</b>	<b>467</b>	<b>674</b>	<b>451</b>

### Operating Lease of Property

The Council has an operating lease of Rugeley Market Hall. The Council owns the freehold of this property.

The future minimum lease payments under non cancellable leases are:

2019/20 £000		2020/21 £000
231	Not later then one year	231
924	Later than one year and not later than five years	924
11,485	Later than five years	11,254
<b>12,640</b>		<b>12,409</b>

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to this lease was:

2019/20 £000		2020/21 £000
231	Minimum Lease Payments	231
<b>231</b>		<b>231</b>

### Finance Lease of Property

The Council has a finance lease of the land at Rugeley Leisure Centre for a period of 50 years from 2004 at a peppercorn rent. The asset acquired under this lease is carried as Other Land and Buildings in the Balance Sheet.

### Council as Lessor

#### Finance Leases

The Council has a finance lease in respect of the Hednesford Gateway scheme where a 250 year lease has been granted on the assets. The Council does not receive any rentals but a premium on the disposal of £720,000 has been received. The Council retains the freehold.

#### Operating Leases

The Council leases out property and equipment under operating leases for the following purposes:

- for community services through the provision of various premises
- for economic development purposes by providing business premises for rental

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

31 March 2020 £000		31 March 2021 £000
511	Not later than one year	529
1,458	Later than one year and not later than five years	1,475
36,168	Later than five years	36,053
<b>38,137</b>		<b>38,057</b>

#### **41. Impairment Losses**

As set out in the accounting policy for impairment in note 1 xvii, assets are reviewed at each year end to determine whether there has been any impairment to their value during the year. This not does not relate to valuation changes due to market prices but where assets have had a change in value due other factors such as fire.

As a result of this review there were no impairment losses during 2020/21 (2019/20 £nil)

#### **42. Termination Benefits**

The Council terminated the contracts of 4 employees in 2020/21 incurring liabilities of £190,000 (£nil in 2019/20). See Note 35 for the number of exit packages and total cost per band.

The payments relate to redundancy (£34,000) and mutual agreement to termination of employment (£156,000).

#### **43. Defined Benefit Pension Schemes**

##### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in The Local Government Pension Scheme, administered locally by Staffordshire County Council (SCC) This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The Staffordshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of SCC. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account, the amounts required by statute as described in Note 1 (accounting policies).



## Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make 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 in Reserves Statement during the year.

<b>2019/20</b> <b>£000</b>		<b>2020/21</b> <b>£000</b>
	<b>Comprehensive Income and Expenditure Statement</b>	
	<b>Service Cost</b>	
4,477	Current service cost	3,659
-	Past service cost (including curtailments)	49
4,477	<b>Total Service Cost</b>	3,708
	<b>Financing and Investment Income and Expenditure</b>	
(2,681)	Interest income on scheme assets	(2,471)
4,619	Interest cost on defined benefit obligation	3,825
1,938	<b>Total Net Interest</b>	1,354
<b>6,415</b>	<b>Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services</b>	<b>5,062</b>
	<b>Remeasurements of the Net Defined Liability Comprising:</b>	
7,162	Return on plan assets excluding amounts included in net interest	(26,716)
(13,854)	actuarial (gains) / losses arising from changes in demographic assumptions	2,285
(7,160)	actuarial (gains) / losses arising on changes in financial assumptions	37,944
(8,103)	Other	(1,604)
<b>(21,955)</b>	<b>Total remeasurements recognised in other comprehensive income</b>	<b>11,909</b>
<b>(15,540)</b>	<b>Total Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>16,971</b>
	<b>Movement in Reserves Statement</b>	
(6,415)	reversal of net charges made to the (surplus) or deficit on the provision of Services	(5,062)
4,169	<b>Employers Contributions Payable to the Scheme</b>	4,011

## Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

<b>31 March</b> <b>2020</b> <b>£000</b>		<b>31 March</b> <b>2021</b> <b>£000</b>
(105,474)	Fair value of employer assets	(138,764)
162,305	Present value of funded liabilities	202,838
4,933	Present value of unfunded liabilities	5,207
<b>61,764</b>	<b>Net Liability arising from the Defined Benefit Obligation</b>	<b>69,281</b>

## Reconciliation of the Movements in the Fair Value of Scheme Assets

2019/20 £000		2020/21 £000
<b>112,940</b>	<b>Opening fair value of scheme assets</b>	<b>105,474</b>
2,681	Interest income	2,471
	<b>Remeasurement gain/(loss)</b>	
(7,162)	Return on plan assets excluding the amounts included in net interest	26,716
* 2,134	Contributions from employer	9,454 *
656	Contributions from employees into the scheme	682
(5,775)	Benefits paid	(6,033)
<b><u>105,474</u></b>	<b>Closing Fair Value of Scheme Assets</b>	<b><u>138,764</u></b>

\* This figure includes a lump sum contribution of £5.029 million in respect of pension past deficit payments. This covers the financial years 2020/21 to 2022/23 which has been paid as a lump sum to take advantage of reduced overall payments for early payment. The impact of this payment is to create a temporary timing difference between the pension reserve and the pension liability. This reflects the amount of the actual past deficit payment made to the pension fund as compared to the amount due under statutory arrangements as reflected in the Pension reserve. This is shown below:

	£000
Pension Liability	(69,281)
Pension Reserve	<u>74,724</u>
	<b><u>5,443</u></b>

The amount relates to 2021/22 & 2022/23

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

2019/20 £000		2020/21 £000
<b>192,378</b>	<b>Opening fair value of scheme liabilities</b>	<b>167,238</b>
4,477	Current service cost	3,659
4,619	Interest cost	3,825
656	Contributions from scheme participants	682
	<b>Remeasurement (gains)/losses:</b>	
(7,160)	Actuarial (gains)/losses arising from changes in demographic assumptions	2,285
(13,854)	Actuarial (gains)/losses arising from changes in financial assumptions	37,944
(8,103)	Other	(1,604)
-	Past service cost	49
(5,775)	Benefits paid	(6,033)
<b><u>167,238</u></b>	<b>Closing Fair Value of Scheme Liabilities</b>	<b><u>208,045</u></b>

Local Government Pension Scheme Assets comprised:

Period Ended 31 March 2020

Period Ended 31 March 2021

	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000	Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000	Total £000	Percentage Total of Asset £000
<b>Equity Securities</b>								
Consumer	3,911	-	3,911	4%	5,396	-	5,396	4%
Manufacturing	4,225	-	4,225	4%	5,791	-	5,791	4%
Energy and utilities	1,410	-	1,410	1%	1,534	-	1,534	1%
Financial Institutions	3,729	-	3,729	4%	4,898	-	4,898	4%
Health and Care	3,299	-	3,299	3%	3,490	-	3,490	3%
Information Technology	2,570	-	2,570	2%	5,938	-	5,938	4%
Other	91	-	91	0%	150	-	150	0%
<b>Debt Securities</b>								
Corporate Bonds investment grade	8,487	-	8,487	8%	9,583	-	9,583	7%
<b>Private Equity</b>								
All	-	4,394	4,394	4%	-	6,013	6,013	4%
<b>Real Estate</b>								
UK Property	-	10,395	10,395	10%	-	10,629	10,629	8%
<b>Investment Funds and Unit Trusts</b>								
Equities	44,984	-	44,984	43%	66,662	-	66,662	47%
Bonds	8,865	-	8,865	8%	9,235	-	9,235	7%
Hedge Funds	-	1,877	1,877	2%	-	525	525	0%
Infrastructure	-	-	-	0%	-	56	56	0%
Other	-	5,454	5,454	5%	-	6,602	6,602	5%
<b>Cash and Cash Equivalents</b>								
All	1,783	-	1,783	2%	2,262	-	2,262	2%
<b>Total Assets</b>	<b>83,354</b>	<b>22,120</b>	<b>105,474</b>	<b>100%</b>	<b>114,939</b>	<b>23,825</b>	<b>138,764</b>	<b>100%</b>

**Covid 19 Impact Pension Fund Directly held property investments**

The Pension fund holds a number of properties as part of its portfolio due to the impact of Covid 19 there is material estimation uncertainty of those assets values at the 31 March 2021. The Council has a proportion of those assets within its total assets figure and therefore there is also material valuation uncertainty within the assets held in relation to property.

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for SCC operated Fund are based on the latest full valuation of the scheme as at 1 April 2020.

The significant assumptions used by the actuary have been:

2019/20	2020/21
<b>Mortality assumptions</b>	
Longevity at 65 for current pensioners:	
21.2 Men	21.4
23.6 Women	24.0
Longevity at 65 for future pensioners:	
22.1 Men	22.5
25.0 Women	25.7
<b>Rate of Inflation</b>	
2.3% <b>Rate of increase in salaries</b>	3.25%
1.9% <b>Rate of increase in pensions</b>	2.85%
2.3% <b>Rate for discounting scheme liabilities</b>	2.00%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2019/20..

Change in Assumptions at 31 March 2021	Approximate % Increase to Employee Liability	Approximate Monetary Value £000
0.5% decrease in real discount rate	9%	18,203
0.5% increase in the salary increase rate	1%	1,578
0.5% increase in the pension increase rate	8%	16,259

## Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. SCC has agreed a strategy with the scheme's actuary to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed in 2022/23 financial year.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Authority anticipates to pay £2,433,000 expected contributions to the scheme in 2021/22.

The weighted average duration of the defined benefit obligation for the funding scheme members is 18 years in 2020/21. (2019/20 18 years).

## 44. Contingent Liabilities

### Municipal Mutual Insurance

Under the Municipal Mutual Insurance Limited Scheme of Arrangement, the Council has a potential claw-back should there be a deficit in the winding up of the company. An initial payment was made in 2013/14 for £63,000 based on a 15% levy notice, in 2015/16 a further creditor provision of £44,897 has been made to increase to a 25% levy. As there is no certainty on the remaining liability this has been left as a contingent liability. It is the view of the Board at the 31 March 2021 that a solvent run off of the Company's business cannot be guaranteed.

### Local Authority Mortgage Scheme

The Council advanced in 2013/14 £2m with Lloyds Banking Group as part of the Local Authority Mortgage Scheme. This scheme was aimed at first time buyers and the advance reflects the Council's share of financial assistance through the provision of an indemnity. Lloyds Bank plc required a five year deposit from the Council to match the five year life of the indemnity. The deposit has now been returned but the liability against default will remain until at least 5 years after the date each mortgage completed.

There were 47 completed loans with an estimated indemnity amount of £1,058,013. At 31 March 2021 there are 5 of the original completed loans remaining with an estimated indemnity amount of £126,600.

## 45. Contingent Assets

There are no contingent assets at 31 March 2021.

## 46. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- 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 changes in such measures as interest rates and stock market movements.

### Overall procedures for managing risks

The Council's overall risk management procedures focus on the unpredictability of financial markets, and implementing restrictions to minimise these risks.

Risk management is carried out by a central treasury section, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.)

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Rating Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The Annual Investment Strategy for 2020/21 was approved by Full Council on 12 February 2020 and is available on the Council's website.

## **Credit Risk Management Practices**

The Council's credit risk management practices are set out in the Annual Investment Strategy. The key elements are:

- It requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standards & Poors Credit Rating Services.
- sets out maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three ratings agencies - Fitch, Moodys and Standard and Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays.

- credit watches and credit outlooks from credit rating agencies;
- sovereign ratings to select counterparties from only the most creditworthy countries
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings

Customers for goods and services are assessed taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

Due to the nature of the financial assets held by the Council it is considered that the credit risk is low. Set out below is the key overview of financial assets held, an assessment of their credit risk and methodology for calculation of credit loss:

### **Long Term Debtors**

These relate to loans which are a charge on property therefore no credit losses are calculated or defaults and write offs have taken place.

### **Investments**

This category includes Money Market Funds, Fixed Term deposits and Cash held at bank. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. To date there has been no default or write off in relation to this category of financial asset.

Previously loss allowances were not calculated for these instruments. However going forward there will be a calculation for expected credit losses are based on a 12 month expected credit loss based on historical experience of default.

### **Short Term Debtors**

The short term debtors are split into two elements being non financial assets and financial assets. The non financial assets relate to transactions with the Government, Local authorities and statutory debt. For transactions with government and local authorities no loss allowance is calculated on these elements. For statutory debt loss allowance is calculated based on historic experience which has remained unchanged.

The financial assets primarily relate to sundry debtors and capital payments due. The criteria in relation to these assets are set out below:

- The Council's definition of default is that the counterparty has failed to make the payment and all enforcement action has been unsuccessful
- Debts are written off by the Council where the debt is greater than 6 years old, or where all enforcement has been unsuccessful. Debts below £2,500 are authorised by the Head of Finance and above that value by Council.
- In determining the expected credit losses this is based on experience of default and uncollectability over the last five years based on a lifetime expected credit loss model. There has been no material impact of adopting a forward looking model or changes in the estimation technique.

## Amounts Arising from Expected Credit Losses

The Council's investments have been assessed and concluded that the expected credit loss is not material therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31 March 2021 is shown below, along with the potential maximum exposure to credit risk, based on experience of default and uncollectability.

	Lowest Long Term Rating	Principal Balance at 31 March 2021 £000	Historical Experience of Default £000	Estimated maximum exposure to default and uncollectability at 31 March 2021 £000
<b>Deposits with Banks and Financial Institutions</b>				
Deutsche MMF *	AAA	1,000	0.000%	-
Aberdeen Standard Investments MMF *	AAA	6,000	0.000%	-
Federated Investors (UK) MMF *	AAA	6,000	0.000%	-
Invesco MMF*	AAA	5,000	0.000%	-
Handelsbanken Plc	AA-	6,000	0.000%	-
Morgan Stanley MMF*	AAA	6,000	0.000%	-
Landesbank Hessian-Thuringen Giroentrale (Heleba)	A	2,000	0.006%	-
Landesbank Hessian-Thuringen Giroentrale (Heleba)	A	4,000	0.023%	1
Santander UK Plc	A	3,500	0.024%	1
<b>Total</b>		<b>39,500</b>		<b>2</b>

\* Money Market Fund

The historic rates of default are from the following agencies as set out below: -

Agency	Years
Fitch	1990 - 2020
Moody's	1983 - 2020
Standard and Poors	1981 - 2020

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

In relation to Expected Credit Losses for debtors, the Council does not generally allow extended credit for customers, but some of the current balance is past its due date for payment.

Trade debtors are based on lifetime expected credit losses. The trade debtors expected credit losses have been calculated based on debt type and recovery stage of debt. The expected credit loss is approximately £147,000. (2019/20 £133,000). The principal reason for increase is a widening of the areas of recovery in the current climate.

## Collateral and Other Credit Enhancements

During the period the Council held no collateral as security.

## Liquidity Risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no risk that it will be unable to raise finance to meet its commitments under financial instruments.

All sums owing £39.5m are due to be paid in less than one year.

## Refinancing and Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure to replacing the financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the central treasury section address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity of financial liabilities is as follows:

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
549	Less than one year	326
228	Between one and two years	-
1,623	Between two and five years	4,400
80,205	More than five years	77,205
<b><u>82,605</u></b>		<b><u>81,931</u></b>

All trade debtors and other payables are due to be paid in less than one year.

## Market Risk

### Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- borrowings at fixed rates - the fair value of the borrowings will fall (no impact on revenue balances)
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus and Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. 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 and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its planned treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The finance department monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.



If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	<b>£000</b>
Increase in interest payable on variable rate borrowings	-
Increase in interest receivable on variable rate investments	(405)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(405)</b>
Decrease in fair value of fixed rate investment assets	-
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>-</b>
<b>Increase in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)</b>	<b>(21,477)</b>

The fair values for fixed assets have been calculated at carrying value as the instruments are held for less than 1 year and the difference in rates is not material.

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

#### **Price Risk**

The Council has not invested in any equity shares and therefore has no exposure to price risk.

#### **Foreign Exchange Risk**

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

### **47. Heritage Assets Five Year Summary of Transactions**

There have been no acquisitions or disposals of the Council's heritage assets in the five year period ended 31 March 2021.

### **48. Heritage Assets - Further Information on the Collections**

#### **Museum**

The Museum of Cannock Chase has a collection of artefacts in relation to local services, industrial and military history along with items relating to the history of toys. The total number of items on display or held in collections is approximately 20,000. The majority of artefacts are held in trust for public benefit.

The Museum operates within the terms required by Museum Accreditation. The Collections Management Policy for the Museum provides guidance on preservation and management of artefacts. The Museum also holds a manual governing control of documentation concerning artefacts.

Access to artefacts is available to items being on display during the Museum opening hours or by appointment with the Museum Collections Officer for items held in store.

#### **Civic Regalia**

The Council's Civic Regalia includes items such as civic chains and items in connection with civic duties. Items are held and governed under Council regulations and procedures governing all Council assets.

## 49. Trust Funds

The Council as at 31 March 2021 administers two Trust Funds on behalf of third parties which do not form part of the Council's Consolidated Balance Sheet.

The funds are:

- Benton's Trust**  
 To provide a drinking trough for animals and improvements to the public conveniences in or near the Market Place, Cannock.
- Cannock Park Trust**  
 Cannock Park is run by Cannock Chase Council as Trustees for the Cannock Park Trust. The land was placed in Trust in 1930 to be held by the Council for the purpose of providing a public recreation or pleasure ground for the use and benefit of the inhabitants of Cannock Chase Council. All revenue and income accruing from the land is used for the upkeep and maintenance of the land. Income is derived from the various sporting activities undertaken on the land. Expenditure by the Council on grounds maintenance and upkeep exceeds income. The Trust is registered with the Charity Commission.

	Income	Expenditure	Assets	Liabilities
	£000	£000	£000	£000
<b>2020/21</b>				
Benton's Trust	(0.010)	-	(9,266)	-
<b>Total</b>	<b>(0.010)</b>	<b>-</b>	<b>(9,266)</b>	<b>-</b>

The amounts for 2020/21 are shown in £000, the comparator is shown in £'s.

	Income	Expenditure	Assets	Liabilities
	£	£	£	£
<b>2019/20</b>				
Benton's Trust	(66)	-	(9,256)	-
<b>Total</b>	<b>(66)</b>	<b>-</b>	<b>(9,256)</b>	<b>-</b>

## 50. Deferred Liabilities

This relates to transferred assets loan debt that was part of the Local Government Reorganisation involving the transfer of assets between Aldridge/Brownhills UDC and Cannock Chase Council. The debt is administered by Walsall MBC with loans outstanding as at 31 March 2021 of £10,628 (£20,966 as at 31 March 2020).

<b>2019/20</b>	
<b>£000</b>	
12	Principal and Interest - OLA's
<b>12</b>	

<b>2020/21</b>	
<b>£000</b>	
12	
<b>12</b>	

## 51. Long Term Borrowing

<b>Balance 31 March 2020 £000</b>		<b>Ranges Of Interest Rates Payable %</b>	<b>Balance 31 March 2021 £000</b>
	<b>Source Of Loan</b>		
60,745	Public Works Loan Board	3.48 - 3.92	60,745
14,100	Public Works Loan Board	4.05 - 4.97	14,100
1,400	Public Works Loan Board	6	1,400
5,360	Public Works Loan Board	7.375 - 8	5,360
<b><u>81,605</u></b>			<b><u>81,605</u></b>
<b>Balance 31 March 2020 £000</b>			<b>Balance 31 March 2021 £000</b>
	<b>Analysis of Loans by Maturity</b>		
-	1 to 2 years		-
1,400	2 to 5 years		4,400
3,000	5 to 10 years		-
77,205	over 10 years		77,205
<b><u>81,605</u></b>			<b><u>81,605</u></b>

## 52. Events After The Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Accountant on 22 September 2021. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

## HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE ACCOUNT

2019/20		Notes	2020/21
£000			£000
	<b>Income</b>		
19,394	Dwelling rents (gross)		19,341
357	Non-dwelling rents (gross)		348
125	Charges for Service & Facilities		115
275	Contributions towards Expenditure		260
<b>20,151</b>			<b>20,064</b>
	<b>Expenditure</b>		
5,122	Repairs and Maintenance		5,054
2,838	Supervision and Management-General		2,937
896	Supervision and Management-Specific		850
8	Rents, rates, taxes and other charges		55
6,578	Depreciation and Impairment of non current assets	4	5,354
<b>15,442</b>	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement.</b>		<b>14,250</b>
712	HRA share of Corporate and Democratic Core		745
<b>(3,997)</b>	<b>Net Cost of HRA Services</b>		<b>(5,069)</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(640)	(Gain) / Loss on sale of HRA non current assets		(909)
523	Pooling of Capital Receipts		523
3,214	Interest payable and similar charges		3,245
78	Expected Credit Loss Allowance		15
(145)	Capital Grants and Contributions Receivable		(636)
<b>(967)</b>	<b>(Surplus) / Deficit for the year on HRA Services</b>		<b>(2,831)</b>

## STATEMENT OF MOVEMENT ON THE HOUSING REVENUE ACCOUNT BALANCE

2019/20		2020/21
£000		£000
<b>(967)</b>	<b>HRA Income and Expenditure (Surplus) / Deficit</b>	<b>(2,831)</b>
640	Gain / (Loss) on sale of HRA Non current assets	909
(523)	Pooling of Capital Receipts	(523)
145	Reversal of Capital Grants & Contributions receivable	636
3,220	Transfer to Reserves	2,585
(6,578)	Reversal of Depreciation / Impairment Charge	(5,354)
3,896	Transfer to / from Major Repairs Reserve	4,249
10	HRA Principal	10
(141)	Pension Adjustment	158
11	Holiday Pay Adjustment	(18)
-	Capital Expenditure funded by the HRA	-
197	General Fund Recharges	129
<b>(90)</b>	<b>(Surplus) / Deficit for the year on HRA Services</b>	<b>(50)</b>
<b>1,573</b>	<b>Balance Brought Forward</b>	<b>1,663</b>
<b>1,663</b>	<b>Balance Carried Forward</b>	<b>1,713</b>

## NOTES TO THE HOUSING FINANCIAL STATEMENTS

### 1. HRA Account

Housing Revenue Account Income and Expenditure Statement reflects a statutory obligation to account separately for local authority housing provision. Income and Expenditure on Council housing is 'ring fenced' within the HRA. The 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 government grants. Authorities charge rents 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.

The specific requirements for notes to the HRA financial statements are derived from the HRA (Accounting Practices) Directions 2011.

### 2. Housing Stock

#### (i) Council Dwellings Analysis

As at 31 March 2021 the Council was responsible for 5,086 Council dwellings analysed as follows:

Dwelling Type	Stock as at 1 April 2020	Increase/ Decrease	Stock as at 31 March 2021
<b>Flats</b>			
1 Bedroom	804	(2)	802
2 Bedroom	243	(2)	241
3 Bedroom	11		11
4 Bedroom	1	-	1
<b>Total</b>	<b>1,059</b>	<b>(4)</b>	<b>1,055</b>
<b>Houses &amp; Bungalows</b>			
1 Bedroom	1,275	(2)	1,273
2 Bedroom	1,208	(6)	1,202
3 Bedroom	1,512	(17)	1,495
4+ Bedroom	61		61
<b>Total</b>	<b>4,056</b>	<b>(25)</b>	<b>4,031</b>
<b>Total HRA Dwellings</b>	<b>5,115</b>	<b>(29)</b>	<b>5,086</b>

#### (ii) Valuation of Housing Property, Plant & Equipment

Net Book Value 31 March 2020 £000	Net Book Value 31 March 2021 £000
192,849 Council Dwellings	204,551
9,831 Other Land & Buildings	9,668
357 Vehicles, Plant & Equipment	372
178 Assets under construction	1,525
47 Intangibles	-
<b>203,262</b>	<b>216,116</b>

The vacant possession value of dwellings within the Housing Revenue Account as at 1 April 2020 was £476,026,000 and as at 31 March 2021 was £505,803,000. The vacant possession value and balance sheet value of dwellings within the Housing Revenue Account show the economic cost to Government of providing council housing at less than open market rents.

### 3. Rent Arrears

Arrears at 31 March 2021 were £0.744 million (31 March 2020 £0.793 million).

<b>31 March 2020 £000</b>		<b>31 March 2021 £000</b>
291	Tenants Arrears - Current	255
<u>502</u>	Tenants Arrears - Former	<u>489</u>
<b><u>793</u></b>	<b>Total Arrears</b>	<b><u>744</u></b>

The provision for bad debts as at 31 March 2021 is £0.606 million (31 March 2020 £0.623m).

### 4. Depreciation and Impairment Charges

#### (i) Depreciation

<b>2019/20 £000</b>		<b>2020/21 £000</b>
2,648	Dwellings	2,824
1,029	Other Operational Assets	1,242
125	Plant and Equipment	136
95	Intangible Assets	47
<b><u>3,897</u></b>		<b><u>4,249</u></b>

#### (ii) Impairment Charges

<b>2019/20 £000</b>		<b>2020/21 £000</b>
* <u>2,681</u>	Impairment	<u>1,106</u> *
<b><u>2,681</u></b>		<b><u>1,106</u></b>

\* This figure is included within the Revaluation increase/(decrease) figure of (£1,411) shown in note 16.

Impairment charges are made in relation to the treatment of stock held for demolition or disposal at reduced value. In accordance with Central Government Policy the Housing properties were valued on a 'Beacon Property' basis. This is where sample properties of differing size and from different locations are valued and these values are then applied to the remaining housing stock. Built into beacon valuation is an element for impairment in recognition that at any one time the total of the housing stock cannot be maintained to the highest state of repair.

The valuation of dwellings is derived by taking the cost of buying a vacant dwelling of similar type, and applying an adjustment factor according to the type of tenancy and regional factors to reflect the fact that the property is used as social housing. Revised guidance now reduces or adjusts valuations for the West Midlands area to 40% of their gross value.

## 5. Capital

### (i) Summary of Capital Expenditure

2019/20 £000		2020/21 £000
	<b>Expenditure</b>	
2,447	On Housing Properties	2,854
-	On Housing Equipment	1
230	On Housing Vehicles	155
<u>2,677</u>		<u>3,010</u>
	<b>Financing</b>	
-	Borrowing	-
712	Usable Capital Receipts	74
-	Revenue Contributions to Capital	-
1,820	Major Repairs Reserve	2,299
145	Grants and other contributions	637
<u>2,677</u>		<u>3,010</u>
	- Increase in underlying borrowing	-

### (ii) Major Repairs Reserve

As part of the introduction of resource accounting to the Housing Revenue Account the Government introduced a new funding mechanism called the Major Repairs Allowance. Local authorities have the flexibility to spend the resource outside the financial year in which they are allocated, enabling more efficient planning of works.

	£000
<b>Balance at 1 April 2020</b>	4,509
Transfer to Major Repairs Reserve	4,249
Financing of Capital spend	(2,299)
<b>Balance at 31 March 2021</b>	<u>6,459</u>

## COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

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

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore, is to isolate the income and expenditure relating to Council Tax and National Non Domestic Rates. The administrative costs associated with the collection process are charged to the General Fund.

Collection Fund (surpluses) / deficits for Council Tax declared by the billing authority (15 January in each year) are apportioned to the relevant precepting authorities in the subsequent financial year. The major precepting authorities are Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Commissioner Fire & Rescue Service, (formerly Stoke-on-Trent and Staffordshire Fire and Rescue Authority).

In 2013/2014 the local government finance regime was revised with the introduction of the Business Rates Retention (50%) Scheme. Business Rates now forms part of the funding of local authorities whereby the income is shared between the Government/County Council/Fire Authority and the District Council. Stafford Borough are set a predetermined overall level of Business Rates income and retain 40% of that figure; any growth above that level is then subject to a 50% levy that is paid to the Staffordshire and Stoke-on-Trent Business Rates Pool. In 2019/20 the Council participated in a 75% pilot as part of the above pool whereby 75% of business rates (as compared to 50% under previous regimes) was retained in Staffordshire. The additional income being distributed in accordance with the governance arrangements for the pilot. Surpluses and deficits declared by the billing authority on 30 January each year are apportioned to the precepting bodies in the subsequent financial year.

The national code of practice followed by Local Authorities in England stipulates that a Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet is incorporated into the Council's consolidated Balance Sheet.

<b>2019/20</b>	<b>Business Rates</b>	<b>2020/21 Council Tax</b>	<b>Total</b>
<b>Total</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income</b>			
52,314 Council Tax Receivable	-	53,661	53,661
29,935 Business Rates Receivable	18,405	-	18,405
<b>82,249 Total Income</b>	<b>18,405</b>	<b>53,661</b>	<b>72,066</b>
<b>Expenditure</b>			
<b>Precepts and Demands</b>			
46,997 Staffordshire County Council	3,093	37,897	40,990
19,224 Cannock Chase District Council	13,746	6,472	20,218
688 Parishes	-	750	750
2,511 Staffordshire Commissioner Fire & Rescue Service	344	2,259	2,603
6,253 Office of the Police and Crime Commissioner Staffordshire	-	6,582	6,582
8,098 Payments to Central Government	17,182	-	17,182
<b>83,771</b>	<b>34,365</b>	<b>53,960</b>	<b>88,325</b>
<b>Charges to Collection Fund</b>			
334 Write offs of uncollectable amounts	-	(10)	(10)
478 Increase / (reduction) in bad debts provision	593	681	1,274
(201) Transitional Protection Payments Payable	(33)	-	(33)
(2,809) Increase / (reduction) in provision for appeals	249	-	249
136 Costs of Collection	136	-	136
- S13A(1)(c) Discretionary Reliefs Funded by General Fund	-	(595)	(595)
832 Distribution of previous years Collection Fund Surplus / (Deficit)	(1,042)	1,110	68
<b>82,541 Total Expenditure</b>	<b>34,268</b>	<b>55,146</b>	<b>89,414</b>
<b>292 (Surplus)/Deficit for Year</b>	<b>15,863</b>	<b>1,485</b>	<b>17,348</b>
<b>Movement of Collection Fund Balances</b>			
(1,021) Balance brought Forward	254	(983)	(729)
292 Add (Surplus)/Deficit for the Year	15,863	1,485	17,348
<b>(729) Balance Carried Forward</b>	<b>16,117</b>	<b>502</b>	<b>16,619</b>



## NOTES TO THE COLLECTION FUND INCOME AND EXPENDITURE ACCOUNT

### 1. Council Tax Base and Council Tax Levels

Council Tax income is derived from charges made to taxpayers according to the value of residential properties. Charges are levied in accordance with the valuation band assigned to a property.

The calculation of the Council Tax chargeable in any year is obtained by dividing the total of the precepts and the demands made on the fund by the Council's Tax Base, which represents the total equivalent number of Band D properties as adjusted for discounts and an estimated collection rate of 98.625%. The following shows how the tax base for the year was calculated and the amount of tax chargeable for the year.

<b>Council Tax Base 2020/21</b>				
<b>Band</b>		<b>Number of Properties (adj for discounts)</b>	<b>Ratio</b>	<b>Band D Equivalent</b>
A	Disabled	51.50	5/9	28.60
A		12,041.55	6/9	8,027.71
B		12,443.25	7/9	9,678.08
C		7,654.25	8/9	6,803.78
D		4,789.96	1	4,789.96
E		1,791.75	11/9	2,189.92
F		592.50	13/9	855.83
G		252.25	15/9	420.42
H		9.00	2	18.00
		39,626.01		32,812.30
Other Adjustments and Discounts				(3,569.76)
				<b>29,242.54</b>

The actual tax base for 2020/2021 was 29080.29 a decrease of 162.25 (0.6%)

### 2. Council Tax Chargeable for a Band D Property

<b>2019/20 Council Tax £</b>		<b>2020/21 Council Precept £000</b>		<b>2020/21 Council Tax £</b>	
1,246.23	Staffordshire County Council	37,897		1,295.95	
217.09	Cannock Chase District Council	6,472		221.32	
23.81	Parish Council (Average)	750		25.67	
216.56	Office of the Police and Crime Commissioner - Staffordshire	2,259		225.09	
75.73	Staffordshire Commissioner Fire & Rescue Service	6,582		77.24	
<b>1,779.42</b>	<b>Total</b>	<b>53,960</b>		<b>1,845.27</b>	

Individual amounts chargeable are derived from the above according to property banding and individual Parish Demands.

### 3. Non-Domestic Rates (NDR)

The Council is responsible for the collection of Non-Domestic Rates from businesses in its area.

The rates payable, subject to reliefs and reductions, are calculated on the basis of Rateable Value of individual properties (provided by the Valuation Office Agency) multiplied by a specified rate as determined by Central Government. The specified rate for 2020/21 was 51.2p (2019/20 50.4p).

The total non-domestic rateable value at 31 March 2021 was £85.189 million (£84.985 million at 31 March 2020).

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the VOA and hence business rates outstanding as at 31 March 2021. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion to the precepting shares.

#### 4. The Fund Balance

The movement in the Council Tax Collection Fund Balance is summarised as follows:

<b>Fund Balance 31 March 2020 £000</b>	<b>(Surplus)/ Deficit in year (Net Position) £000</b>	<b>Fund Balance 31 March 2021 £000</b>
(133) Cannock Chase District Council	200	67
(688) Staffordshire County Council	1,041	353
(120) Office of the Police and Crime Commissioner - Staffordshire	181	61
(42) Staffordshire Commissioner Fire & Rescue Service	63	21
<b><u>(983)</u></b>	<b><u>1,485</u></b>	<b><u>502</u></b>

The movement in the Business Rates Collection Fund Balance is summarised as follows:

<b>Fund Balance 31 March 2020 £000</b>	<b>(Surplus)/ Deficit in year (Net Position) £000</b>	<b>Fund Balance 31 March 2021 £000</b>
101 Cannock Chase District Council	6,346	6,447
(37) Staffordshire County Council	1,291	1,254
187 Central Government	8,068	8,255
3 Staffordshire Commissioner Fire & Rescue Service	158	161
<b><u>254</u></b>	<b><u>15,863</u></b>	<b><u>16,117</u></b>

The deficit for the year includes a distribution of the estimated deficit of £1.042 million as at 15 January 2021 position.

#### 5. Precepts and Demands on the Collection Fund

The following authorities have made a Precept / Demand on the Collection Fund:

<b>2019/20 Precept/ Demand for year plus share of surplus £000</b>	<b>Council Tax</b>	<b>2020/21 Precept/ Demand for Year £000</b>	<b>Plus Share of Surplus £000</b>	<b>Total Paid in year £000</b>
6,333	Cannock Chase District Council	6,472	150	6,622
688	Parishes	750	-	750
36,315	Staffordshire County Council	37,897	778	38,675
6,305	Office of the Police and Crime Commissioner - Staffordshire	6,582	135	6,717
2,207	Staffordshire Commissioner Fire & Rescue Service	2,259	47	2,306
<b><u>51,848</u></b>		<b><u>53,960</u></b>	<b><u>1,110</u></b>	<b><u>55,070</u></b>

The following authorities have made a demand on the Collection Fund for Business Rates (the Demand is determined in accordance with regulations) and reflects the estimate outturn reported to Government and other precepting bodies in the NNDR1 return and the designated percentage share:

<b>2019/20 Precept/ Demand for Year Business Rates £000</b>		<b>2020/21 Precept/ Demand for Year £000</b>
12,956	Cannock Chase District Council (40%)	13,746
11,013	Staffordshire County Council (9% 20-21) (34% 19-20)	3,093
8,098	Central Government (50% 20-21) (25% 19-20)	17,182
324	Staffordshire Commissioner Fire & Rescue Service (1%)	344
<b><u>32,391</u></b>		<b><u>34,365</u></b>

The precept percentages are different for 2020/21 as shown in the table above reflecting participation in 75% business rates pilot for 2019/20.

The precept demand for the year includes the distribution of the deficit recorded in NNDR1 of £1.042 million in accordance with statutory requirements.

The amount in relation to Cannock Chase District Council forms part of the General Fund accounts and is subject to the Tariffs and Levy arrangements of the Business Rates Funding Regime.

## **6. Provision for Appeals**

As at 31 March 2021 the estimated value of appeals provision against Rateable Value amounts to £5.053 million. The provision is split into two periods covering 1 April 2010 to 31 March 2017 £1.565 million for the 2010 List and a period covering 1 April 2017 to 31 March 2020 £3.488 million for the 2017 List.

## GLOSSARY OF FINANCIAL TERMS

For the purpose of the Statement of Accounts and the interpretation of CIPFA's Code of Practice, where appropriate, the following definitions have been adopted.

### **Accounting Concepts**

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the local authority.

### **Accounting Policies**

Accounting policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy, for example, will specify the estimation basis for accruals where there is uncertainty over the amount.

### **Accruals**

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### **Agent**

This is where the Council when providing a service is acting as an intermediary which is not part of the Councils core business.

### **Balance Sheet**

This shows a summary of the overall financial position of the Council at the end of the financial year.

### **Balances**

The total level of funds an authority has accumulated over the years available to support the revenue expenditure within the year.

### **Business Rates**

The level of business rates income eligible for pooling under the business rates retention funding regime.

### **Capital Adjustment Account**

This reflects the difference between the cost of property, plant and equipment consumed and the capital financing set aside to pay for them.

### **Capital Charges**

Charges to service revenue accounts to reflect the cost of property, plant and equipment used in the provision of services.

### **Capital Expenditure**

Expenditure on the acquisition of assets or expenditure, which adds to and does not merely maintain existing assets.

### **Capital Receipts Reserve**

Income received from the sale of capital assets a specified proportion of which may be used to finance new capital expenditure. The balance is set aside in the form of a provision to meet credit liabilities.

### **Carrying Amount**

This is the amount at which an asset is recognised on the balance sheet after deducting any accumulated depreciation and impairment.

## **Cash Equivalents**

Short term highly liquid investments that are convertible into cash within 24 hours and are subject to insignificant risk of changes in value. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

## **Code of Practice**

This is the Statement of Recommended Practice which was the framework for published accounts to 31 March 2021.

## **Collection Fund**

A fund accounting for Council Tax and Non-Domestic Rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and payments to the NNDR pool.

## **Collection Fund Adjustment Account**

This account represents the Council's share of deficit on the Collection Fund and absorbs timing differences in distribution of surplus / deficits between statutory requirements and full accruals accounting.

## **Community Assets**

Assets which the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

## **Commutated Sums**

Monies which are given to the Council as part of the section 106 agreements for planning towards the maintenance of the are for a number of years.

## **Consistency**

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

## **Corporate and Democratic Core**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would have been incurred by a series of independent, single purpose, nominated bodies managing the same services.

## **Current Service Cost**

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

## **Curtailment**

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

## **Creditors**

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

## **Debtors**

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

## **Deferred Credits**

These consist of deferred capital receipts, which are amounts derived from the sales of assets which will be received in instalments over agreed periods of time.

## **Defined Benefit Pension Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

## **Depreciable Replacement Cost (DRC)**

This is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence.

## **Depreciation**

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

## **Discontinued Operations**

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- the termination of the operation is completed either in the period or before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- the activities related to the operation have ceased permanently;
- the termination of the operation has a material effect on the nature and focus of the local authority's operations and represents a material reduction in its provision of local services resulting either from its withdrawal from a particular activity (whether a service or division of service or its provision in a specific geographical area) or from a material reduction in net expenditure in the local authority's continuing operations;
- the assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes. Operations not satisfying these conditions are classified as continuing.
- activities are discontinued where they cease completely and are not simply transferred to another part of the public sector.

## **Emoluments**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

## **Expected Rate of Return on Pension Assets**

For a funded defined benefit pension scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**Fair Value**

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.

**Fees and Charges**

Income arising from the provision of services.

**Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee from the lessor. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

**Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term includes trade receivables and payables, borrowings, financial guarantees, bank deposits, investments, swaps, forwards and options, debt instruments with embedded swaps or embedded options.

**Financial Reporting Standards (FRS)**

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRS) and the earlier Statements of Standard Accounting Practice (SSAP) apply to local authorities and any departure from these must be disclosed in the published accounts.

**Financial Year**

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1st April to 31st March.

**GAAP**

GAAP (Generally Accepted Accounting Principles), is the standard framework of guidelines for financial accounting. It includes standards, conventions and rules accountants follow in recording and summarising transactions, and in the preparation of financial statements.

**General Fund**

The total services of the Council except for the Housing Revenue Account and the Collection Fund, the net cost of which is met by Council Tax, Government Grants and NNDR.

**Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to a local authority in return for past or future compliance with certain conditions relating to the activities of the local authority.

**Heritage assets**

These are assets held by the Council principally for their contribution to knowledge and culture, it does not relate to assets used in the delivery of services.

**Housing Revenue Account (HRA)**

A separate account that details the expenditure and income arising from the provision of council housing.

**HRA Subsidy**

Grant paid by Central Government to support the provision of rented housing.

## **Impairment**

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

## **Income and Expenditure Account**

The Income and Expenditure account combines the income and expenditure relating to all the Council's functions including the General Fund and the Collection Fund. It is structured on the basis of the private sector and thereby excludes calculations done due to statutory and non statutory practices e.g. gains and losses on the sale of losses on the sale of property, plant and equipment and statutory provision for the repayment of debt.

## **Infrastructure Assets**

These are non-transferable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are bus stations and car parks.

## **Intangible Assets**

Intangible assets are those assets whereby access to the future economic benefits that it represents is controlled by the reporting entity, either through custody or legal protection. Examples include development expenditure and goodwill.

## **Infrastructure Assets**

Property, plant and equipment that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and footpaths.

## **Interest Cost**

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## **Investment Properties**

Interest in land and/or buildings:

- in respect of which construction work and development have been completed and
- is held for its investment potential, any rental income being negotiated at arms length

## **Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be qualified as current assets.

## **Leasing**

Method of financing the provision of various capital assets, usually in the form of an operating lease, which do not provide for the title to the asset to pass to the Council.

## **Liabilities**

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

## **Liquid Resources**

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

## **Materiality**

An item is material if its omission, non-disclosure or misstatement in financial statements could be expected to lead to a distortion of the view given by the financial statements.



**Major Repairs Allowance**

This is part of the Housing Subsidy calculation which provides a capital grant for Housing Revenue Account properties. It is used to match the depreciation charge on Housing Revenue Account dwellings.

**Minimum Revenue Provision (MRP)**

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

**National Non-Domestic Rate (NNDR)**

Amounts payable to local authorities from non-domestic properties. The rate poundage is set nationally and amounts collected by local authorities are subject to arrangements as determined under the business rates retention scheme.

**Net Book Value**

Amount at which property, plant and equipment is included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Current Replacement Cost**

Cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**Net Debt**

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

**Net Realisable Value**

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**Non Distributed Costs**

These are overheads that are not apportioned to services to accord with CIPFA's Best Value Accounting Code of Practice.

**Non-Operational Assets**

Property, plant and equipment held by a local authority but not directly occupied, used or consumed in the delivery of service. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

**Operating Leases**

A lease other than a finance lease.

**Operational Assets**

Property, plant and equipment held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

**Past Service Cost**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### **Post Balance Sheet Events**

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

### **Precept**

Demands made upon the collection fund by other authorities (Staffordshire County, Police and Fire Authorities) for the services that they provide.

### **Principal**

This is when the council is providing a service as part of its own core business.

### **Prior Year Adjustments**

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

### **Property, plant and equipment**

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

### **Provisions**

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

### **Prudence**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

### **Public Works Loan Board (PWLB)**

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

### **RCCO (Revenue Contribution to Capital Outlay)**

This is where funding is provided from the revenue account to support capital expenditure.

### **Related Party**

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

### **Reserves**

Sums set aside to meet future expenditure for specific purposes.

### **Revaluation Reserve**

This is used to record the net gain from revaluations made after 1 April 2007.

### **Revenue Expenditure**

Expenditure on the day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

### **Revenue Expenditure Funded from Capital Under Statute (Formerly Deferred Charges)**

Expenditure that is not capital in accordance with generally accepted accounting principles but which statute allows to be funded from capital resources.

### **Revenue Support Grant (RSG)**

Grant paid to local authorities by Central Government to help finance its general expenditure. It is determined under the SSA system.

### **Section 106**

Planning agreement between the Council and a Developer which requires them to provide specific funding as a result of development in the area (i.e. new homes).

### **Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

### **Settlement**

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

### **Stocks**

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

### **Termination Benefits**

These are employee benefits payable as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for those benefits.

### **Useful Life**

Period over which the local authority will derive benefits from the use of property, plant and equipment.