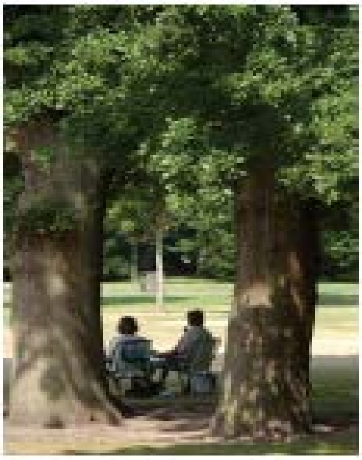
2017/18
Statement of Accounts









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NARRATIVE REPORT

Message from the Deputy Chief Executive & Director of Corporate Services - Lynton Green

This Narrative Report provides information about Warrington Borough Council, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2018 and is structured as below:

1. An Introduction to Warrington
2. Performance Commentary for 2017/18
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4. Principal Risks and Uncertainties
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AN INTRODUCTION TO WARRINGTON

The Borough of Warrington was formed in 1974 and became a Unitary Authority in 1998. Warrington covers an area of 70 square miles (181.8 square kilometres) between Manchester and Liverpool at the centre of the North West region's communications network. The M6, M56 and M62 motorways intersect within the borough, connecting it to all parts of the region and beyond. The borough also lies on the main north-south (West Coast Main Line) and east-west (Trans-Pennine) rail routes. It is close to both Manchester International and Liverpool John Lennon Airports.

The number of people living in Warrington is 207,700 representing a 5.6% increase over the last 10 years (7.1% Non-White British and 94.3% born in the UK according to the last Census 2011), of which 80% are economically active compared with a national average of 78%.

There are 92,223 households. At the time of the last Census it is estimated 30.9% are households with dependent children, 71.6% are owner occupied, 0.7% shared ownership, 15.6% rented from a social landlord and 12.1% privately rented / living rent free.

There are circa 7,970 business enterprises in the Borough employing over 131,000 people. The unemployment rate in Warrington is low at 3.7%, compared to that of the Northwest (4.4%) and all England (also 4.4%) (2017). This reflects a high functioning economy. There are broad and diverse range of employment options available, with Business Administrative and Support Services making up the largest share of employment at 15.3% (Broad Industrial Categories). There is a nuclear industry cluster and a number of back office operations, specifically call centres, located in the borough.

The 2018 Centre for Cities report declared that Warrington's economy continues to perform strongly and Warrington features at 8th highest in the UK in terms of the number of private to public sector jobs. Nationally, it is the only urban economy in the North to feature in the top 10.

Moreover in its table of 'Cities and jobs likely to see an increase in demand to 2030', i.e. those cities which have been successful in attracting jobs to date and react to the changing labour market, Warrington was ranked as 6th best in the UK, the only city in the North of England in the top 10 and, indeed, it ranked higher than London which was placed 9th. Warrington ranks 5th out of the 63 cities when it comes to the high-skill private sector occupations that are likely to grow up to 2030, suggesting that the trajectory of Warrington's economy is looking strong on a national scale.

Warrington also has the highest Gross Value Added (GVA) in the North of England with an average of £49,400.

The Council's operating revenues amounted to £497.015m in 2017/18. However, a sizeable chunk of this is related to services that are essentially pass-through. For instance, the central government funds £109.261m (note 19) that the Council spends on children and education services and nearly half of adult social care costs are borne by the central government. As a result the Council had direct responsibility for a budget of £139.764m in 2017/18.

Council tax of £90.143m (note 12) in 2017-18 funds approximately one half of the direct budget requirement. Council taxes were increased by 1.98% in 2017-18, as they have been over the last three years, just below the 2% limit above which local authorities are required to hold a referendum for approval. Band D Council Tax (excluding precepts) was £1,315.90 in 2017/18. In 2017/18 the Government allowed Councils to apply an additional 3% levy on council tax to fund Adult Social Care pressures. This raised an additional £2.4m for the Council to spend specifically on adult social care.

Revenue Support Grant (Government Funding) declined to £17.192m in 2016-17 from £25m the previous year. The 2017-18 year saw further declines to £10.259 million and this revenue source will continue to decline and be completely eliminated in 2020/21, creating financial pressures for all local authorities. Due to cuts in Government funding the Council have made £61m (17/18 £8.8m; 16/17 £20.5m; 15/16 £15.5m; 14/15 £16.2m) of savings over the previous four years and plan to make a further £38m of savings over the four year period from 2018/19.

However, Revenue Support Grant accounts for just 7% of total revenues for the Council, which is a lower level than peers. Business rates are the third largest source of own-source funding and amounted to £29.8 million in 2016-17. In 2017-18, this decreased to £28.758m (note 12). The government have announced that local authorities will retain 75% of business rates, as opposed to the 50% (with top-ups and tariffs) they now retain, with implementation from 2020/21. This could be positive for the Council as they currently must make tariff payments and retain less than 50% of what they receive. However, the details of this policy have not been disclosed and so we currently cannot assess the exact impact on the Council.

Given the continuing loss of Revenue Support Grant, the Council will need to continue to make efficiency savings. To support this, the Council has progressed with outcome based budgeting for 2017-18. As a result of on-going reductions in government funding, expenditure savings are critical to continued financial viability. The Council has targeted reductions in expenditures via changing service delivery models, specifically by increasingly delivering services on line rather than in person, efficiency savings and sharing services with other local Councils. On a long term planning basis, the Council is focusing on growing Council tax revenues and business rates with its proactive economic regeneration strategy.

Warrington Borough Council employs 5,826 people (3,091 WBC, 2,735 schools).

The Local Government Boundary Commission for England (LGBCE) carried out a boundary review during 2016. As consequence of this the Council moved to 58 elected members, a rise of one; but the number of wards remained the same at 22.

The composition of the Council is currently:

45 Labour Councillors
12 Liberal Democrat Councillors
1 Conservative Councillors
58 Council members

The Council has adopted the Leader and Executive Board model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the Executive Board, the allocation of Portfolios and the delegation of Executive Functions.

Supporting the work of elected Members is the organisational structure of the Council headed by the Strategic Management Team (SMT), led by the Chief Executive, Professor Steven Broomhead. The Council is divided up into three Directorates Economic Regeneration Growth and Environment, Corporate Services and Families and Wellbeing.

As the financial statements demonstrate, the financial standing of the Council continues to be robust. We have established good financial management disciplines, processes and procedures and, recognising that we operate in an environment of continuous change, we will pursue our drive for on-going improvement and excellence.

PERFORMANCE COMMENTARY FOR 2017/18

Warrington Council's vision as set out in the refreshed corporate strategy 2017-18:

"We will work together with our residents, businesses and partners to create a place that works for all."

The strategy sets out four pledges:

- Opportunities for the most vulnerable
- Grow a strong economy for all
- Build strong, active and resilient communities
- Create a place to be proud of

A set of key indicators was determined for 2017-18 and targets were set for each of these. In addition, there are a number of key projects underway in line with these priorities.

Opportunities for the Most Vulnerable

In 2017/18 85.1% of older people accessing the re-ablement service were at home 91 days after their discharge from hospital. This figure relates to 501 people out of 589 people. This is above the target of 83.5%.

The Adult Social Care Transformation Programme has successfully delivered its first Phase which included the development of the ‘First Response Service’ which has now been operational for 6 months and is having a significant impact. The team are actively managing demand at the front door to Adult Social Care, with a large proportion of cases being signposted to preventative services, and Strengths Based Approaches being applied to support individuals to meet their needs. The customer journey has improved with reduced waiting times for assessments and an overall reduction of 44% in the number of cases awaiting allocation.

At the end of March 2018, the programme has overachieved its financial savings targets for the year, delivering £1.2m against a target of £1m. Furthermore, £2.2m of cost avoidance has been achieved across all the work streams. The development of a robust Information, Advice and Guidance Offer is progressing well, and key to this is the final developments to the ‘My Life Warrington’ service directory. Re-ablement services and the Single Handed Care Project, in addition to the wider promotion and take up of Assistive Technology, continue to have an impact in preventing/reducing the need for more commissioned support as individuals are supported to maximise their independence.

As the programme continues into 2018/19, there is a specific focus on the pathway from hospital into community services to maximise independence and Strengths Based Approaches training is being rolled out across the full workforce to ensure it is fully applied at all stages of the customer journey.

Since April, 815 Early Help Assessments have been completed. Year-end performance is a rate of 181 per 10,000 aged 0-17 (cumulative). This positively exceeds the end of year target of 178 and represents an increase of 480 assessments in comparison to the number of Common Assessment Framework's (CAFs) / Family CAFs recorded in 2016-17.

Ofsted recently completed a 'focused visit' looking at the Council's arrangements for children in need, child protection and children on the 'edge of care'– and found a number of areas of good practice, with no priority actions identified. Inspectors reported that interventions for children in need and those subject to a child protection plan are applied at the right time, and at right level; while the right support is in place to bring about change and reduce the risk of harm. Social workers were praised for carrying out regular visits with children and taking time to understand their experiences and appropriately-tailored interventions, which take account of complex needs, were highlighted. Inspectors also praised the wide range of targeted work that takes place to support children experiencing neglect and abuse, the timely, creative and focused support given to children at risk of family breakdown and effective partnership working between health, education and police professionals.

The Council continues to review and enhance methods of recruiting foster carers. Sub-regional collaboration continues and shared training activity has resulted in assessments being completed quicker and foster carers being approved. Warrington's fostering service has recruited a significant number of new carers during the year resulting in the majority of fostered children being placed in-house.

The Warrington Wellbeing Service is now fully embedded into The Gateway alongside key partners such as Housing Plus and Citizens Advice Bureau. The service is providing pathways for organisations and patients with non-medical needs from across the borough and the most disadvantaged groups. Evaluation of the service is underway with the aim to strengthen the service and improve longer terms outcomes for clients. During quarter four, 370 clients accessed the service, 20 more than was anticipated.

Grow a Strong Economy

Economic regeneration is a high priority for the Council. The City Centre Masterplan continues to develop as investment in Time Square has started to stimulate interest and investment in the Town Centre. Western Link road project is currently seeking funding having completed a public consultation. Stadium Quarter is also developing well. Demolition of the old market is complete and construction of new buildings progressing well with façade retention complete in Bridge Street and wrapping in place.

Sustainable transport modes: This year's programme of infrastructure development includes ongoing feasibility work on a new route between Burtonwood and Omega, the rolling programme of local accessibility improvements and the completion of a new section of footway/cycleway on Cromwell Avenue near Gemini.

Officers from Transport for Warrington and IDS services continue to make excellent progress with development and delivery of an extensive programme of transport infrastructure projects. A successful bid was submitted in June 2017 to National Productivity Investment Fund (NPIF) for 70% grant contribution to Warrington East Phase 3 and Omega Local Highways projects. February 2018 Executive Board underwrote the delivery of two further developer funded schemes at Westbrook Way/Burtonwood Road and Lingley Green Avenue / Whittle Avenue roundabouts.

Build strong, active and resilient communities

The Mental Health Outreach service provides short term re-ablement type support to adults with severe and enduring mental illnesses. The service provides a wide range of interventions which may include: confidence building, anxiety management, support in managing medication and symptoms, as well as financial support around debt, managing their home and maximising income. All of this type of support contributes to the continuing wellbeing of individuals and reduces their need for front line services. The figures for the whole year (April 2017 – March 2018) has shown that out of 571 people who were provided with a service, 392 (68.7%) people had no further support 8 months after Outreach was closed. The service has exceeded its target of 66%.

The latest conception figures for women aged 15 to 17 represent the lowest rates ever seen in Warrington, (conception rate 16.9 per 1,000 women in 2016, England 18.8, North West 24.6).

Work on the development of Great Sankey Leisure Centre continues. Great Sankey Leisure Centre remained closed in this quarter whilst the new Hub was developed.

Data recently published regarding the percentage of people with an NVQ level 4 above shows that Warrington continues to perform better than England and the North West. Latest available figures (2017) show that 41% report to having this level of qualification compared to 38% across England and 34% within the North West. Warrington has consistently performed better over the past 10 years.

Warrington's primary schools have achieved above the national average in their Key Stage 2 SATs results with improved performance across the board compared to last academic year. In Warrington:

- The expected standard in Reading, Writing and Maths is 69.5% compared to 61% nationally (a 9 percentage point increase compared to Warrington's result in 2016).

- The expected standard in Reading is 77.2% compared to 71% nationally (a 6.6% increase compared to Warrington's result in 2016).

- The expected standard in writing (Teacher Assessment) is 81.4% compared to 76% nationally (a 1.7% increase compared to Warrington's result in 2016).

- The expected standard in Maths is 83.6% compared to 75% nationally (an 8.4% increase compared to Warrington's result in 2016).

- The expected standard in Grammar, Punctuation and Spelling is 82.5% compared to 77% nationally (a 7% increase compared to Warrington's result in 2016).

The Warrington secondary school results shows an average attainment 8 score per pupil as above the national average and Warrington sits 5th highest out of 23 North West Local Authorities. Warrington schools have some of the highest performance in English and Maths and is ranked 3rd in the 23 North West authorities for the percentage of pupils achieving a strong pass (grades 5-9). Whilst Warrington schools as a group perform better than those in most other authorities in the region and also better than statistical neighbours, the gap in attainment between disadvantaged and the rest has continued to widen. However, it is suggested that the focus is placed around measures of pupil progress and the gap. These also reflect the quality of teaching and the effectiveness of teaching practice to enable any child/young person to make a good level of progress and achieve good outcomes.

58% of Warrington secondary schools are currently judged by Ofsted to be good or outstanding. This improved from 50% in the previous year.

In December 2017, the Executive Board approved the Libraries Modernisation Working group recommendations, including a commitment to keep all libraries open, to invest in new book stock, to invest in library buildings and to put in place a new libraries partnership group tasked with developing a new libraries strategy and associated delivery plan. A Library Partnership Board has been established, led by the Director of Corporate Services, to implement these recommendations. In addition a new library will be incorporated into the new Great Sankey Neighbourhood Hub.

Create a Place to be Proud of

The Council continues to invest in street scene services and work continues on the development of frontline and back office service delivery including forward planning, review of seasonal operations and service feedback from elected members and the community. The Cleansing and Grounds Maintenance services are now fully combined, which has resulted in efficiencies for all operational teams. Partnership working with Parish Councils has expanded and is delivering enhanced levels of service within the wards. Local initiatives such as Clean 17 in Fairfield and Howley have proved successful and have highlighted opportunities for further community engagement to target specific problem areas. The Town Centre maintenance team are delivering targeted services across the retail areas and proposals have been made for further mechanisation of routine operations to enhance service delivery. Investment in vehicles and equipment is essential to deliver continuous service improvement and a phased proposal for investment is currently being finalised which will support the new working practices and innovations highlighted during staff engagement.

The Cultural Commission was launched on 7th February 2018 with membership including key cultural sector and other influential representatives. Members have been working collaboratively to identify issues, solutions and improvement actions, to support the formation of key recommendations. A desktop review was completed pulling together recent international, national and local research into the impacts of investment in culture on people's health, well-being and lifestyles, the economy and on the identity of the place itself. The emerging issues and aims of the Commission were presented at the first full meeting of the Commission in February 2018. This was followed up by a full day where 'expert witnesses' were invited to present evidence on some of the key issues. A public consultation has taken place gathering public opinion about the current cultural offer in Warrington and how people would like to see this being developed in the future. All evidence, research and feedback has resulted in a set of final recommendations. The Commission will meet on 3rd May to agree and take forward these recommendations and supporting action plan. This will see a refreshed cultural strategy being implemented throughout the borough.

During quarter 1, the Council carried out a public consultation on an alcohol Public Space Protection Order (PSPO) as part of the Warrington Community Safety Partnership's wider work to improve safety in public spaces. 70% opted for a renewed borough-wide PSPO. The PSPO gives police additional powers to confiscate alcohol where there is associated anti-social behaviour.

Delivering our Vision

Warrington 20:20 – our digital transformation programme is making good progress. Core software selection is now complete and initial integrations with other core systems (such as Outlook), to enable the Council to build digital processes with relevant auto alerts, is also complete in readiness for the first processes to be built. The first work stream (HR) has identified in excess of £250,000 of annual savings achievable by introducing new, digital, ways of working. The detailed design and build of new services has commenced. Service 'go live' for HR will be phased throughout late summer. The next two work streams will commence mid-May and will include public facing services.

The Enterprising Warrington Strategy is in place and the Council remains committed to the delivery of this strategy by growing existing opportunities, exploring new and also wider market places. There is continued and positive progress in the implementation of this strategy. A report on this strategy was presented to the Organisational Improvement and Development Policy Committee in April 2018.

The Council has developed a new HR strategy and action plan with input from the Organisational Improvement and Development Policy Committee covering all elements of the service. This will ensure our employees continue to make their very worthwhile contribution to the delivery of the corporate strategy. It sets out a clear vision of what the Council is committed to do as an employer and how we intend to achieve our goals.

During quarter 4, the average wait time for telephone answering was 281 seconds (4 minutes 41 seconds). This is an increase from the quarter 3 outturn of 255 (4 minutes 15 seconds) seconds, but is 19 seconds better than the target set.

The average wait time at quarter 4 for face to face contact was 404 seconds (6 minutes 44 seconds). This is better than the target of 480 (8 minutes) seconds. This has increased significantly from the quarter 3 outturn of 234 (3 minutes 54 seconds) seconds.

The average days lost to absence figure for the end of quarter 4 is 12.19 days and is higher than the target of 12 days, but within the set tolerance. This has risen since the last quarter outturn of 11.4 days. This rise included a significant but temporary increase in January which was one of the highest amount of absence recorded in any month over recent years, due to the significant flu and virus related absences.

FINANCIAL PERFORMANCE

Revenue Outturn

The Statement of Accounts sets out the Council's spending and funding in line with accounting requirements.

The Council's 2017/18 revenue outturn position is shown in the table below. The original budget set at the Council meeting on 27 February 2017 was £136.349m. As the year progressed various amendments to the Council's budget took place. This resulted in total changes of £3.415m. Quarterly budget monitoring reports are received by the Council's Executive Board during the year.

The outturn for the Council is an overspend of £0.124m after making a contribution from reserves of £4.886m in 2017/18.

The table below reports the Service specific information in the form of the Council's management accounts.

	Budget £'000	**Actual £'000**	**Variance £'000**
Corporate Services	5,812	5,624	-188
Families & Wellbeing	105,677	111,892	6,215
Economic Regeneration, Growth & Environment	22,967	22,302	-665
Corporate Financing	5,308	70	-5,238
Movement in General Fund Reserve	**139,764**	**139,888**	**124**

The Corporate Services Directorate which provides the Corporate Services function to the Council recorded an underspend of £0.188m. The main areas of underspend reflect cost efficiencies as a result of the shared audit and insurance function with Salford City Council and more commercial recharging.

The Families and Wellbeing Directorate, as a whole, overspent by £6.215m. The main areas of overspend across the directorate are reflected in Adult Social Care, Children in Care and Early Help.

The Economic Regeneration, Growth & Environment Directorate recorded an underspend of £0.665m which was largely due to underspends within the areas of Asset Maintenance and Street Works and Warrington & Co. The directorate continues to face financial pressures in waste services and smaller pressures in other service areas.

Corporate Finance, which manages the Corporate Budgets for the Council (e.g. Treasury Management, VAT, Concessionary Travel), recorded an underspend of £5.238m. This position reflects the continued growth and success of the Council's Enterprising Warrington Strategy and Treasury Management Strategy.

Capital Outturn

Capital expenditure represents money spent by the Council on purchasing, upgrading and improving assets that will be of benefit to the community over many years. At its meeting of 27 February 2017, Council approved a three year capital programme of £1.180bn incorporating a 2017/18 capital programme of £617.694m. Revisions to the capital to incorporate slippage, additions and deletions take place in-year and are reported to the Executive Board on a quarterly basis. In-year revisions totalling (£231.894m) took place in 2017/18.

The table below shows that the Council spent £354.302m on its capital programme in 2017/18, representing a delivery rate of 92% which is shown in the table below by Directorate level. The financing of the capital programme also presented below shows the major funding sources were Prudential (Unsupported) Borrowing, Government grants and capital receipts.

2017/18 Capital Programme

Capital Programme	**2017/18 Quarter 3 Budget £m**	**2017/18 Capital Outturn £m**	**2017/18 Variance £m**	**% Spent**
Families & Wellbeing	9.924	8.708	- 1.216	88%
Corporate Services	2.101	3.331	1.230	159%
Economic Regeneration, Growth & Environment	44.827	43.770	- 1.057	98%
2017/18 Capital Programme (excluding Invest to Save)	**56.852**	**55.809**	**- 1.043**	**98%**
Invest to Save Programme	328.948	298.493	- 30.455	91%
2017/18 Invest to Save Programme	**328.948**	**298.493**	**- 30.455**	**91%**
Total 2017/18 Capital Programme	**385.800**	**354.302**	**- 31.498**	**92%**

2017/18 Capital Financing

Capital Programme Funding	2017/18 Quarter 3 Funding £m	2017/18 Actual Funding £m	2017/18 Variance
Council Unsupported Borrowing	357.816	326.082	- 31.734
Capital Grants and Reserves	20.543	15.875	- 4.668
Capital Receipts	0.316	2.916	2.600
Revenue Funding	0.674	1.044	0.370
External Funding	6.451	8.385	1.934
2017/18 Capital Programme Funding	**385.800**	**354.302**	**- 31.498**

As can be seen from the above there was a variation between forecast capital expenditure and the final outturn. The majority of the expenditure will, however, be reprofiled into 2018/19 together with the financing and does not therefore present any financial issues for the Council to address. The forecast for planned spend was updated throughout the year and reported in the Quarterly Reviews of Performance to the Executive Board.

The variation of £31.498m between the approved capital programme and the final outturn position primarily relates to an underspend on the Invest to Save Programme. Due to the innovative and partnership nature of this programme, it is difficult to forecast future expenditure with great accuracy.

The major scheme underspent on the Invest to Save Programme is Loans to Housing Associations (£33m). Other schemes that slipped in 2017/18 were Secondary Places in West Warrington (£1m), Omega M62 Junction 8 (£1m) and Great Sankey Hub (£1m).

Regeneration, both in terms of employment opportunities and physical redevelopment, is recognised as being very important to the future prosperity of the borough and is a driver of the capital programme.

The Council has an innovative Invest to Save Programme, which works on the principal that capital resources are invested to generate a financial return to the Council above the cost of the initial investment. One of the major schemes of the Council’s Invest to Save Programme is the Housing Associations and Commercial Loans Scheme. Other major areas of expenditure on the Invest to Save schemes in 2017/18 were Birchwood Park, Redwood Bank and Time Square.

Schemes with significant spend and major achievements in this financial year include:

- **Primary Schools – Total Spend £1.662m**

- **Secondary Schools – Total Spend £1.956m**
  Secondary Places in West Warrington - £1.924m

- **ICT – Total Spend £1.235m**

- **Great Sankey Hub – Total Spend £9.811m**

- **Transportation & Environment – Total Spend £33.410m**
  Road Maintenance - £1.523m
  Highways Maintenance Investment - £9.395m
  Centre Park Link - £1.603m
  Warrington West Station - £3.239m
  Omega M62 Junction 8 - £6.761m
  Warrington East Phase 2 - £1.511m

- **Invest to Save - Total Spend £298.493m**
  Loans to Housing Associations - £41.500m
  Loans to One Warrington Limited - £1.636m
  Birchwood Park - £209.852m
  Redwood Bank - £10.314m
  Time Square - £32.133m
  Street Lighting - £2.283m

Times Square development project has progressed well during 2017-18. The temporary market building completed in Summer 2017 and opened in September as the home of Warrington market for the next two years. The new 1,100 space multi-storey car park completed in early winter 2017 and opened before Christmas. Both are operating commercially and providing improved services for local people and businesses.

The phase 4 construction started in September 2017. This includes a new multi-screen cinema, seven restaurants, a new Council office building and the new permanent market building. The construction is on course and steelwork frame visible on site. This stage also involves the retention of the iconic façade of the Howard Building (former Boots) on Bridge Street.

Completion and successful opening of the final scheme remains on course for early 2020.

Balance Sheet

Significant movements in the Council's 2017/18 Balance Sheet (page 27) where:

- The Council's net worth decreased by £20.915m, this was mainly due to a decrease in the council's cash position of £27.830m.

- Long term assets increased by £308.256m. Plant, Property and Equipment has increased by £42.831m largely due to the redevelopment of Time Square. Long Term Investments has increased by £231.919m, being the result of investments in Birchwood Park and Redwood Bank. Long Term Debtors has increased by £38.835m with new loans to Peaks & Plains Housing and One Housing Group.

- Short term assets also decreased (by £7.366m) with Cash and Cash Equivalents (a decrease of £27.740m), offset by an increase in Short Term Investments (£19.363m).

- Short term liabilities increased by £33.536m, of which the biggest contributors were borrowing (an increase of £19.602m) and creditors (an increase of £13.037m).

- Long term liabilities increased by £288.269m. This was mainly due to an increase in long term borrowing (an increase of £301.923m), as well as a decrease in the Council's pension liability of £15.119m.

Reserves

The table on the next page shows the position of the Council's reserves (pages 45 & 76). The Council's cash backed reserves decreased by £2.100m to £58.523m (2017/18) from £60.623m in 2016/17. This includes an increase in capital reserves of £2.787m.

The Council's non-cash backed reserves (unusable) also decreased in year. The decrease of £18.814m was mainly due to revaluation movements and other transactions relating to fixed assets contained in the Revaluation Reserve and Capital Adjustment Account.

	2016/17 £'000	2017/18 £'000	Movement £'000
Usable Reserves (Cash Backed Reserves)			
Revenue			
General Fund	(1,402)	(1,278)	124
Earmarked Reserves (WBC)	(41,075)	(36,398)	4,677
Earmarked Reserves (Schools)	(5,019)	(4,933)	86
Total Revenue Reserves	**(47,496)**	**(42,609)**	**4,887**
Capital			
Capital Receipts	(5,023)	(5,219)	(196)
Capital Grants	(8,104)	(10,695)	(2,591)
Total Capital Reserves	**(13,127)**	**(15,914)**	**(2,787)**
Total Usable Reserves	**(60,623)**	**(58,523)**	**2,100**
Unusable Reserves (Non-cash Backed Reserves)	**(199,782)**	**(180,968)**	**18,814**
TOTAL RESERVES	**(260,405)**	**(239,491)**	**20,914**

Pensions

The table below shows the in-year movement on the Council's pension liability (page 69); the liability has decreased by £15.119m. The table shows that this movement is due to actuarial re-measurements caused primarily by changes in the underlying assumptions upon which the liability is valued.

	£'000
Opening Balance as at 1 April '17	(185,843)
Current Service Cost	(29,483)
Past Service Cost	(898)
Interest Cost	(4,871)
Settlements	1,207
Employer Contributions	25,036
Remeasurements	24,128
Closing Balance as at 31 March '18	**(170,724)**

Contingencies

The Council's largest provision relates to Business Rates valuation appeals. Following Business Rates localisation in 2013, the Council has to set aside a provision for any future successful ratepayer appeals against rateable valuations. Warrington has a high and growing non-domestic tax base, in terms of the valuation of commercial properties and hence a high degree of exposure in this regard. The Council has 508 rating appeals outstanding.

Business Rates rating appeals provision	£4.522m at 31 March 2017	£5.921m at 31 March 2018
Business Rates write-off	£1.260m in 2016/17	£4.100m in 2017/18

Post Balance Sheet Event

In April 2018 the Council paid the second of three instalments of £10m to maintain its 33% shareholding in Redwood Bank.

Treasury Management

At the 31st March 2018 the Council had borrowings of £729.649m and investments of £304.307m.

During the year the Council undertook £443.7m worth of borrowing to fund its capital programme via £289.500m from Public Works Loan Board, £25m Local Authority medium term loans and £129m short term loans from Local Authority market. There was nearly £124m of loans repaid during the year.

The Council continued its policy of investment diversification during the year and invested £24m in solar bonds in collaboration with other councils. Part of the investment was only short term and £4m has been repaid to the Council. The Council also invested £10.140m in a financial services bond. All these investments were in line with the Council's Treasury Management Strategy which was agreed by Full Council in February 2017.

The Council, during 2015/16, obtained a credit rating from Moody's, one of the World's leading credit rating agencies. This rating is subject to annual assessment by Moody's (Credit Rating Agency) who awarded the Council a rating of A1 (rated as upper medium grade quality subject to low credit risk) for 2017/18. This is the fifth highest rating possible and on par with Czech Republic and China.

The A1 issuer and debt ratings assigned to Warrington Borough Council reflects: 1) a track record of increasing own source revenues, reducing dependence on declining central government grants; 2) a strong regulatory framework, which allows central government to effectively monitor financial performance; 3) expected increase in debt levels resulting from WBC's movement into two areas outside of the traditional local government service - economic development programme and a programme of lending money to housing associations; 4) a high exposure to changes in interest rates in the debt portfolio; and 5) a diversified local economy. The A1 rating also reflects Moody's assessment of support from the UK government and the high likelihood it would intervene in the event that WBC was to face acute liquidity stress.

The Council's Corporate & Audit Governance Committee is the body charged with the Governance of Treasury Management and they receive quarterly monitoring reports.

Cash Flow

	31/03/16 £'000	31/03/17 £'000	31/03/18 £'000
Cash and cash equivalents	(4,204)	(1,061)	(5,431)
Short-term Deposits	14,207	44,235	20,775
Total	**10,003**	**43,174**	**15,344**

Total cash and cash equivalents at 31 March 2018 is (£5.431m). The main factors that would affect cash in the future are:

- Acquisitions and disposals relating to the capital programme;
- The value of reserve balances;
- Appeals provisions;
- Grants and contributions unapplied.

Non Treasury Investments

The Council made two innovative investments in 2017/18 in Redwood Bank and in the purchase of Birchwood Park.

The Council purchased a 33% share in Redwood Bank, which is a new challenger bank, with its main purpose of investing in small business. This bank obtained its banking licence in August 2017 and is currently trading well to its business plan. The Council, subject to performance, plan to invest £30m in the bank over a 3 year period. In 2017/18 £10.2m was invested by the Council.

Redwood Bank was subject to a comprehensive business case and risk assessment that was scrutinised and agreed by the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority.

In September 2017 the Council purchased Birchwood Park. Birchwood Park is a 123 acre business park which is home to 165 businesses within the borough. In order to purchase the business park it was structured in a Jersey based JPUT. The reasons for the purchase were for investment return and economic regeneration.

The Due Diligence and Governance process followed by the Council with regards to Birchwood Park was used as a good practice case study in the CIPFA publication ‘’The Practicalities of Prudence Key principles of due diligence for local authorities.’’ Strong ongoing governance structures are also in place to monitor these investments.

The strength of the Council’s governance processes and systems around commercial schemes is best evidenced by the Council being one of the first councils to adopt and publish, from 1st April 2018, a Capital Strategy that fully complies with the latest MHCLG Investment Guidance published in January 2018.

Further details of these investments can be found in the Group Accounts and Financial Instrument (Note 34) to the accounts.

Schools

The Council’s expenditure on schools and education is predominantly funded by grant monies provided by the Government through the Dedicated Schools Grant (DSG). Pupil Premium, and 35 Sixth form places in Woolston Learning Village, are separate specific funding allocations.

The DSG is ring-fenced and can only be used to cover either school’s expenditure, or specific central education services provided by the Council, mainly related to supporting High Needs. The Council overspent on its DSG in 2017/18 by £1.287m, chiefly as a result of significantly increasing demand for special educational places in non-LA settings, both pre- and post-16. This overspend represented 1.177% of Warrington’s total DSG of £109.344m (after recoupment for Academy budgets). Further details can be found in Note 19.

At the end of 2016/17, school balances for Warrington maintained schools totalled £5.019m, while at the end of 2017/18 the aggregate of balances had decreased a little to £4.933m. The majority of this reduction (1.7%) was because the conversion to Academy status of five primary schools, one secondary and the New Horizons Pupil Referral Unit during 2017/18 removed £65,524 of aggregate surplus from the respective figures (four surpluses, three deficits).

These conversions meant there was an additional transfer of assets from the Council’s Balance Sheet of £31.300m. Funding of all current mainstream Academies resulted in a revenue recoupment of £47.142m (taking into account the part-year effect of £4.333m of the six new mainstream conversions).

PRINCIPAL RISKS AND UNCERTAINTIES

The top four risks currently facing the Council that are recorded in the Council’s Strategic Register are:

1. Meeting Council's additional responsibilities for managing homelessness
2. Pandemic Flu outbreak
3. Failure to maintain financial stability
4. Failure in corporate governance

BREXIT

The full impact of BREXIT on the Council and Local Government is not yet fully known. The major current potential impacts identified to date are:

1. Funding – the Council receives very little European funding and the removal of this in the future will not affect the Council's financial strategies.
2. Investment - After Brexit, there is a possibility that European firms will be deterred from investing in the UK. This could reduce economic development and the collection of business rates.
3. Devolution - the devolution agenda is, however, now threatened by the prospect of leaving the EU. The UK government is currently inundated with sifting through Brexit-related legislation and policy implications. As a result, the negotiation process with the EU has become a priority of the UK government whilst policies such as local government devolution have been placed on the back burner.
4. Legal - Local government currently complies with a plethora of EU legislation. This encompasses procurement, local economic development, waste collection and employment legislation. But following Brexit, the supremacy of EU law will no longer apply. With no obligation to follow EU legislation, the government will have the jurisdiction to amend or repeal EU laws. Local government now has the task of steering through all these challenges, whilst facing a future of uncertainty.
5. Labour Supply – future controls on the migration of labour may reduce the supply of labour and increase costs in the construction industry.
6. Economic Uncertainty – promotes interest rate, inflation and exchange rate uncertainty.

EXPLANATION OF THE FINANCIAL STATEMENTS

The 2017/18 Statement of Accounts shows the core financial statements together with detailed disclosure notes followed by the supplementary statements. The core financial statements are:

Expenditure and Funding Analysis (EFA)
While this is a note to the accounts it has been given prominence as it shows the annual expenditure of the Council and how it was funded. It clearly ties in with the Council's in year budget monitoring and shows how expenditure was allocated for decision making purposes between the Council's directorates.

The Movement in Reserves Statement (MIRS)
This shows the movement in Council reserves during the year, split between those reserves which are available for the Council to spend (usable reserves) and those that

have been created to reconcile the technical and statutory aspects of accounting (unusable reserves).

The Comprehensive Income and Expenditure Statement (CIES)
Identifies the income and expenditure on all services the Council provides and brings together all the recognised gains and losses of the Council during the period 1 April 2017 to 31 March 2018.

The Balance Sheet
This shows the Council's financial position at 31 March each year. The top part of the statement shows the assets and liabilities of the Council and the lower part shows the reserves.

The Cash Flow Statement
This summarises the changes in cash and cash equivalents during the year.

The Notes
The Notes to the Core Financial Statements provide more detail about the Council's accounting policies and items contained in those statements.

The supplementary statements are:

The Collection Fund
This shows the collection and distribution of Council Tax and National Non-Domestic Rate income.

The main accounting statements are inter-related. Total comprehensive income and expenditure is broken down in the movement in reserves statement between usable and non-usable reserves. These constitute the net worth of the Council in the balance sheet. The reasons for movements during the year in cash (and cash equivalent) balances held on the balance sheet are shown in the cash flow statement.

RECEIPT OF FURTHER INFORMATION

If you would like to receive further information about these accounts, please do not hesitate to contact me at 5th Floor, Corporate Services Directorate, New Town House/ Quattro, Buttermarket Street, Warrington or e-mail me direct at **lgreen@warrington.gov.uk**.

ACKNOWLEDGEMENTS

The production of this Statement of Accounts would not have been possible without the exceptionally hard work and dedication of the finance team.

I would like to express my gratitude to the team and extend this to colleagues across the Council, Members, the Senior Management Team and our key stakeholders who have all supported the process to enable this achievement. I would also like to thank everyone for all their support during the financial year.

Claire Harris CPFA
Acting 151 Officer, Head of Finance & Chief Accountant

Statement of Responsibilities

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 Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Chief Finance Officer's Responsibilities

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

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

- Selected suitable accounting policies (Annexe A) and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Local Authority Code

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

The Statement of Accounts gives a true and fair view of the financial position of the Council at 31 March 2018 and its income and expenditure for the year ended 31 March 2018.

Signed

Dated 31st May 2018

Claire Harris, Acting 151 Officer, Head of Finance & Chief Accountant

Expenditure and Funding Analysis

Changes to the Code 2017/18 introduced the Expenditure and Funding Analysis, as a new note to the Accounts. The Council has chosen to give this prominence as the note clearly links the accounts to the Councils in year budget monitoring (in accordance with Para 3.4.2.95 of the Code).

2017/18	**Net Expenditure chargeable to the General Fund Balance £'000**	**Adjustments between Funding and Accounting Basis £'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £'000**
Corporate Services	13,679	0	13,679
Families & Wellbeing	102,310	0	102,310
Economic Regeneration, Growth & Environment	23,043	0	23,043
Corporate Finance	(2,282)	0	(2,282)
Central Charges	(30,922)	72,330	41,408
Net Cost of Services	**105,828**	**72,330**	**178,158**
Other Income and Expenditure	(100,942)	(21,489)	(122,431)
(Surplus) or Deficit	**4,886**	**50,841**	**55,727**
Opening General Fund at 31 March 2017	**(47,496)**		
Less/Plus (Surplus) or Deficit on General Fund in Year	4,886		
Closing General Fund at 31 March 2017	**(42,610)**		

2016/17	**Net Expenditure chargeable to the General Fund Balance £'000**	**Adjustments between Funding and Accounting Basis £'000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £'000**
Resources & Strategic Commissioning	14,240	0	14,240
Families & Wellbeing	97,945	0	97,945
Economic Regeneration, Growth & Environment	21,906	0	21,906
Corporate Finance	5,587	0	5,587
Central Charges	(12,228)	35,780	23,552
Net Cost of Services	**127,450**	**35,780**	**163,230**
Other Income and Expenditure	(125,225)	(28,677)	(153,902)
(Surplus) or Deficit	**2,225**	**7,103**	**9,328**
Opening General Fund at 31 March 2016	**(49,721)**		
Less/Plus (Surplus) or Deficit on General Fund in Year	2,225		
Closing General Fund at 31 March 2017	**(47,496)**		

Movement in Reserves Statement for the Year Ended 31 March 2017	Note(s)	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves of the Authority £'000
Balance as at 1 April 2016		**49,721**	**5,414**	**5,989**	**61,124**	**274,190**	**335,314**
Movement in Reserves during the year							
Total Comprehensive Income and Expenditure		(9,328)	-	-	**(9,328)**	(65,581)	**(74,909)**
Adjustments between accounting basis & funding basis under regulations	**7**	7,103	(391)	2,115	**8,827**	(8,827)	**-**
Increase or (Decrease) in Year		**(2,225)**	**(391)**	**2,115**	**(501)**	**(74,408)**	**(74,909)**
Balance as at 31 March 2017		**47,496**	**5,023**	**8,104**	**60,623**	**199,782**	**260,405**
Movement in Reserves during the year							
Total Comprehensive Income and Expenditure		(55,727)			**(55,727)**	34,813	**(20,914)**
Adjustments between accounting basis & funding basis under regulations	**7**	50,841	196	2,591	**53,628**	(53,628)	**-**
Increase or (Decrease) in Year		**(4,886)**	**196**	**2,591**	**(2,099)**	**(18,815)**	**(20,914)**
Balance as at 31 March 2018		**42,610**	**5,219**	**10,695**	**58,524**	**180,967**	**239,491**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

2016/17 Restated Gross Expenditure £'000	2016/17 Restated Gross Income £'000	2016/17 Net Expenditure £'000		Note(s)	2017/18 Gross Expenditure £'000	2017/18 Gross Income £'000	2017/18 Net Expenditure £'000
11,839	(6,303)	5,537	Corporate Services		34,086	(20,407)	13,679
304,635	(196,337)	108,298	Families & Wellbeing		279,289	(176,979)	102,310
33,787	(12,751)	21,037	Economic Regeneration, Growth & Environment		41,017	(17,974)	23,043
62,038	(57,231)	4,807	Corporate Finance		51,506	(53,788)	(2,282)
23,552	-	23,552	Central Charges		41,408	-	41,408
435,852	**(272,622)**	**163,230**	**Cost of Services**		**447,306**	**(269,148)**	**178,158**
		11,708	Other Operating Expenditure	**10**			33,289
		1,971	Financing & Investment Income & Expenditure	**11**			7,363
		(167,581)	Taxation and Non-Specific Grant Income	**12**			(163,083)
		9,328	**(Surplus) or Deficit on Provision of Services**				**55,727**
		(439)	(Surplus) or Deficit on revaluation of non-current assets	**33**			(10,072)
		204	(Surplus) or Deficit on revaluation of available for sale financial assets	**33**			(613)
		65,816	Remeasurement of the net defined benefit liability	**32**			(24,128)
		65,581	**Other Comprehensive Income and Expenditure**				**(34,813)**
		74,909	**Total Comprehensive Income and Expenditure**				**20,914**

Restatement

During the 2017/18 financial year the Council went through an internal restructure. In line with the 2017/18 Code any material restructure will require a restatement of the previous year's comparison.

The table below shows how the comparator year has been restated in line with the new structure.

New Directorate	Old Directorate	Restated Gross Expenditure £'000	Restated Gross Income £'000	Net Expenditure £'000
Corporate Services	Resources & Strategic Commissioning	11,839	(6,303)	5,537
Families & Wellbeing	Resources & Strategic Commissioning	9,186	(483)	8,704
	Families & Wellbeing	292,576	(194,631)	97,945
	Economic Regen, Growth & Environment	2,873	(1,224)	1,649
		304,635	(196,337)	108,298
Economic Regen, Growth & Environment	Economic Regen, Growth & Environment	33,787	(12,751)	21,037
Corporate Finance	Economic Regen, Growth & Environment	1,675	(2,455)	(780)
	Corporate Finance	60,363	(54,776)	5,587
		62,038	(57,231)	4,807
Central Charges	Central Charges	23,552	0	23,552
COST OF SERVICES		**435,852**	**(272,622)**	**163,230**

Balance Sheet as at 31 March 2018

	Notes	31st March 2017 £000	31st March 2018 £000
Property, Plant & Equipment	**21**	610,124	652,955
Heritage Assets	**22**	15,851	15,962
Investment Property	**23**	50,136	44,610
Intangible Assets		125	211
Long Term Investments	**34**	46,980	278,899
Long Term Debtors	**25**	95,231	134,066
Long Term Assets		**818,447**	**1,126,703**
Short Term Investments	**34**	6,045	25,408
Inventories		601	662
Short Term Debtors	**26**	55,002	55,953
Cash and Cash Equivalents	**27**	43,201	15,461
Current Assets		**104,849**	**97,484**
Cash and Cash Equivalents	**27**	(27)	(117)
Short Term Borrowing	**34**	(55,861)	(75,463)
Short Term Creditors	**28**	(41,454)	(54,491)
Provisions	**29**	(6,740)	(7,547)
Current Liabilities		**(104,082)**	**(137,618)**
Long Term Creditors	**28**	(4,293)	(4,121)
Grants Receipts in Advance - Capital	**20**	(487)	(1,102)
Grants Receipts in Advance - Revenue	**20**	(13,288)	(14,310)
Provisions	**29**	(2,635)	(2,635)
Long Term Borrowing	**34**	(352,263)	(654,186)
Long Term Pension Liabilities	**32**	(185,843)	(170,724)
Long Term Liabilities		**(558,809)**	**(847,078)**
Net Assets		**260,405**	**239,491**
Usable Reserves	**9**	60,623	58,523
Unusable Reserves	**33**	199,782	180,968
Total Reserves		**260,405**	**239,491**

Cash Flow Statement for the year ended 31 March 2018

2016/17 £'000		Note(s)	2017/18 £'000
(9,328)	Net (surplus) or deficit on the provision of services		(55,727)
29,801	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**36**	44,391
(44,406)	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	**36**	(36,019)
(23,933)	**Net Cash Flows from Operating Activities**		**(47,355)**
(76,204)	Investing Activities	**37**	(300,572)
133,308	Financing Activities	**38**	320,097
33,171	**Net (increase) or decrease in cash and cash equivalents**		**(27,830)**
10,003	Cash and cash equivalents at the beginning of the reporting period		43,174
43,174	**Cash and cash equivalents at the end of the reporting period**	**27**	**15,344**

Notes to the Single Entity Financial Statements

1 Statement of Accounting Policies

Annexe A contains the full list of accounting policies and as such form part of the single entity accounts, these were reviewed and signed off by the Audit & Corporate Governance Committee on the 26th April 2018.

2 Accounting Standards that have been issued but have not yet been adopted

At the balance sheet date the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- **IFRS 9 Financial Instruments**, which introduces extensive changes to the classification and measurement of financial assets, and a new “expected credit loss” model for impairing financial assets. The impact will be to reclassify assets currently classified as loans and receivables, and available for sale to amortised cost and fair value through other comprehensive income respectively based on the contractual cashflows and business model for holding the assets. There are not expected to be any changes in the measurement of financial assets. Assessment of the Council’s financial assets does not anticipate any impairment.

- **IFRS 15 Revenue from Contracts with Customers** presents new requirements for the recognition of revenue, based on a control-based revenue recognition model. The Council does not have any material revenue streams within the scope of the new standard.

- **IAS 7 Statement of Cash Flows (Disclosure Initiative)** will potentially require some additional analysis of Cash Flows from Financing Activities (disclosed at Note 38) in future years. If the standard had applied in 2017/18 there would be no additional disclosure because the Council does not have activities which would require additional disclosure.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has made certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- The Council is deemed to control the services provided under the agreement for 105 social houses in Anson & Blenheim Close and 38 self-contained flats at John Morris House, for which it has nomination rights at the end of the term. The accounting policies for PFI schemes and similar contracts have been applied to the arrangement and are recognised as Property, Plant and Equipment on the Council’s Balance Sheet.

- The Voluntary Aided Schools in the borough are owned by three individual dioceses and the Warrington Educational Trust. The dioceses have granted what they deem a ‘mere licence’ for usage of the school, which they can withdraw at any time. The Council acknowledges that the ownership of the school still lies with the various dioceses, but does not believe that the diocese would withdraw the rights of use for the asset, without giving sufficient notice that a replacement could be found for the further education of the children of the borough.

  Looking into the underlying nature of the transaction, the Council has determined that in accordance with the principle of ‘substance over form’ the school is an entity in its own right, receives all of the economic benefit from the use of the building of the school and should therefore be treated as its asset and consolidated into the Council’s single entity accounts in line with the Code. The Council has also determined that the land occupied by the school, which is of an infinite useful life, may have other uses beyond the useful life of the school and should therefore not be consolidated into the accounts. Following consultation with the Diocese on this matter, no explicit instruction was received from the Diocese that they would withdraw the rights of use for the asset anytime in the near future.

- There is a high degree of uncertainty regarding future levels of funding for local government and the impact of the decision for Britain to leave the European Union remains unclear. However the Council takes the view that this uncertainty is not yet sufficient indication that the value of the Council’s assets might need to be impaired due to reduced levels of service provision or the need to close facilities.

- The Council operates joint working arrangements with neighbouring local authorities. These arrangements are referred to as “shared services”. These are a Youth Offending Service with Halton and Cheshire West and Chester Councils, an Adoption Service with Wigan and St Helens Councils and a Gypsy & Travellers Service with Cheshire East and Cheshire West & Chester Councils. The Council believes that it is not necessary to impair any non-current assets in light of these shared working arrangements and any current proposals for changes to the way the services are to be delivered by the Council.

- The Council has a number of interests in other entities which fall within the group boundary of the Council on the grounds of control and significant influence in line with the Code. The Council’s interests in two subsidiaries (Redwood Bank and Birchwood Park) are now material to the Council’s overall financial position. Therefore group accounts have been prepared to consolidate the Council’s interests in subsidiaries and other entities within the group boundary into the Council’s Group Accounts.

- Collecting in excess of £102M in 2017/18, the assumptions around the outcome of appeals against the NNDR valuations (either received to date or expected to be received in future years) represent a material and critical judgement applied to the accounts. The appeals provision is empirically derived from past experience of both the 2005 and 2010 Lists as well appeals determinations so far made against the 2017 List. A 1% variance in the determined appeals provision would alter the net locally retained income to the Council by £0.121m. Due to the technical adjustment relating to the Collection Fund Adjustment Account this would not result in any change to the level of General Reserves.

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 at 31 March 2018 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
Pensions	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. Hymans Robertson actuaries are contracted to provide the Council with the estimate of the net liability. During 2017/18 the Council’s actuaries advised that the net pension liability had decreased by £15.119m as a result of updating of the assumptions.	• A decrease of 0.5% in Real Discount Rate could increase the Council’s liability by £89.379m. • An increase of 0.5% in Salary Increase Rate could increase the Council’s liability by £15.162m. • An increase of 0.5% in Pension Increase Rate could increase the Council’s liability by £72.919m.
Property, Plant and Equipment/ Investment Properties	Professional opinions of the values of land and buildings are made by the Estates Service and estimates of the useful lives of property, plant and equipment are made by the relevant officers who have knowledge of such issues based on their professional judgement e.g. useful lives of properties are provided by in-house RICS qualified valuers. If	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's investment properties were

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual charge for buildings would increase in these circumstances. The present pressure on public sector expenditure could potentially have implications for the useful economic lives of the Council's property due to reduced spending on repairs leading to a decline in the condition of its buildings. There is no evidence that the estimated economic lives are being materially affected at this time, but this issue is being monitored.	to reduce by say 10%, this would result in a circa £4.461m charge to the Comprehensive Income and Expenditure Statement.
Fair Value Measurements	When the fair values of Investment Assets. PPE Surplus Assets and Assets Held for Sale cannot be measured on quoted prices in active markets (i.e. Level 1 inputs) their fair value is measured using the following approaches and valuation techniques: The fair value is based on either the income approach or the market approach and uses a combination of the following valuation techniques: comparison with similar assets in the active market, Development Appraisal models and discounted cash flow (DCF) models. Where the inputs to these valuation techniques are based on observable data they are categorised as Level 2. Where this is not possible judgement is required in establishing fair values. These	Changes in the assumptions used could affect the fair value (either upwards or downwards) of the Council's assets and liabilities. The Council uses a combination of market comparables, DCF models and Development Appraisal models to measure the fair value of its Investment Assets, Surplus Assets and Assets held for Sale under IFRS 13 depending on which technique is most appropriate to the Asset.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	judgements typically include assumptions as to future growth and include uncertainty and risk and these are categorised at Level 3.	
Arrears	At 31 March 2018 the Council had a balance of debtors of £67.095m. A review of significant balances suggested that an impairment of doubtful debts of £11.143m was appropriate.	If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.
Business Rate Appeals	2017/18 is the fourth year of the Business Rates Retention Scheme whereby the Council retains 28.1% of the business rates income it collects (£29.258m out of £102m), but is subject to a £16.228m tariff. Following the 2010 revaluation of business hereditaments, we have seen unprecedented levels of appeals – the success of which are negatively impacting on the yield. A provision has been made for the estimated success of future appeals for losses for the period to the end of March 2018 of £9.229m. A safety net system protects the Council from losses below baseline funding levels of £26.522m.	The Council's overall financial losses are protected by the safety net with any variance to our assumptions affecting the scale of the provision but being offset by a movement in the safety net entitlement (which is accrued for at year end).

5 Events after the Balance Sheet Date

In April 2018 the Council paid the second of three instalments in Redwood Bank to maintain its 33% shareholding. The remaining £10m is due to be paid in April 2019. The bank provides business loans to Small Medium Sized Enterprises in Warrington and nationally.

6 Note to the Expenditure and Funding Analysis

Please note the following tables use the new Directorate titles for the comparator year, as explained under the Comprehensive Income and Expenditure Statement.

2017/18 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	0	0	0	0
Families & Wellbeing	0	0	0	0
Economic Regeneration, Growth & Environment	0	0	0	0
Corporate Finance	0	0	0	0
Central Charges	61,064	11,510	(244)	72,330
Net Cost of Services	**61,064**	**11,510**	**(244)**	**72,330**
Other Income and Expenditure	(28,769)	4,871	2,409	(21,489)
Difference between the General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	**32,295**	**16,381**	**2,165**	**50,841**

2016/17 Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	0	0	0	0
Families & Wellbeing	0	0	0	0
Economic Regeneration, Growth & Environment	0	0	0	0
Corporate Finance	0	0	0	0
Central Charges	34,627	1,122	31	35,780
Net Cost of Services	**34,627**	**1,122**	**31**	**35,780**
Other Income and Expenditure	(31,315)	4,035	(1,397)	(28,677)
Difference between the General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	**3,312**	**5,157**	**(1,366)**	**7,103**

Adjustments for Capital Purposes

1) 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 ie 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 throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
   - **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
   - For **Financing and investment income and expenditure** –- the net interest on the defined benefit liability is charged to the CIES.

Other Differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
   - For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
   - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Segmental Income

Income received on a segmental basis is analysed below:

Revenues from External Customers

	Restated 2016/17 £'000	**2017/18 £'000**
Corporate Services	(5,417)	(18,680)
Families & Wellbeing	(76,230)	(61,055)
Economic Regeneration, Growth & Environment	(15,823)	(14,145)
Corporate Finance	(2,235)	(9,880)
Central Charges	-	-
Total Revenue from External Customers	**(99,705)**	**(103,760)**

Prior Period Error

The 2016/17 comparative figure for the Families & Wellbeing Directorate was £173.140m in the 2016/17 Statement of Accounts. It was found to be incorrect as it contained £96.910m of recharges. The figure has been corrected and shown as restated above.

Interest Revenue

	2016/17 £'000	2017/18 £'000
Corporate Services	(4)	(4)
Families & Wellbeing	(32)	(25)
Economic Regeneration, Growth & Environment	-	-
Corporate Finance	(5,844)	(7,816)
Central Charges	(1,803)	(1,798)
Total Revenue from External Customers	**(7,683)**	**(9,643)**

Segmental Expenditure
Expenditure received on a segmental basis is analysed below:

Interest Expense

	2016/17 £'000	2017/18 £'000
Corporate Services	-	-
Families & Wellbeing	-	-
Economic Regeneration, Growth & Environment	-	-
Corporate Finance	8,027	11,549
Central Charges	-	-
Total Revenue from External Customers	**8,027**	**11,549**

7 Adjustments between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year 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.

2017/18	Note(s)	Usable Reserves General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources				
Amounts by which Income and Expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pension costs (transferred to (or from) the Pensions Reserve)	32	(16,381)	-	-
- Financial instruments (transferred to the Financial Instruments Adjustment Account)		(113)	-	-
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)		(2,296)	-	-
- Holiday pay (transferred to Accumulated Abensences Reserve)		244	-	-
- 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)		(63,571)	-	(13,676)
Total Adjustments to Revenue Resources		**(82,117)**	**-**	**(13,676)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	9	3,107	(3,107)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	24	275	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		27,895	-	-
Total Adjustments between Revenue and Capital Resources		**31,277**	**(3,107)**	**-**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	24	-	2,915	-
Application of capital grants to finance capital expenditure	9	-	-	11,085
Cash payments in relation to deferred capital receipts	9		(4)	-
Total Adjustments to Capital Resources		**-**	**2,911**	**11,085**
Total Adjustments		**(50,840)**	**(196)**	**(2,591)**

2016/17	Note(s)	Usable Reserves General Fund Balance £'000	 Capital Receipts Reserve £'000	 Capital Grants Unapplied £'000
Adjustments to the Revenue Resources				
Amounts by which Income and Expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
- Pension costs (transferred to (or from) the Pensions Reserve)	32	(5,157)	-	-
- Financial instruments (transferred to the Financial Instruments Adjustment Account)		(139)	-	-
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)		1,535	-	-
- Holiday pay (transferred to Accumulated Abensences Reserve)		(30)	-	-
- 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)		(32,987)	-	(15,166)
Total Adjustments to Revenue Resources		**(36,778)**	**-**	**(15,166)**
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	9	2,017	(2,017)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	24	269	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		27,389	-	-
Total Adjustments between Revenue and Capital Resources		**29,675**	**(2,017)**	**-**
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	24	-	2,456	-
Application of capital grants to finance capital expenditure	9	-	-	13,051
Cash payments in relation to deferred capital receipts	9	-	(48)	-
Total Adjustments to Capital Resources		**-**	**2,408**	**13,051**
Total Adjustments		**(7,103)**	**391**	**(2,115)**

8 Transfers To/From Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2015/16.

	Balance at 31 March 2016 £'000	Transfers out 2015/16 £'000	Transfers in 2015/16 £'000	Balance at 31 March 2016 £'000
Schools				
School Balances	7,471	(7,471)	5,019	5,019
Schools Re-organisation Contingency	2,661	(256)	-	2,405
Total Schools Reserves	**10,132**	**(7,727)**	**5,019**	**7,424**

	Balance at 31 March 2016 £'000	Transfers out 2015/16 £'000	Transfers in 2015/16 £'000	Balance at 31 March 2016 £'000
Council				
Anson & Blenheim PFI	1	-	-	1
BCF Pooled	88	(88)	115	115
Birchwood Park	-	-	-	-
Business Rates Smoothing	4,039	(2,583)	4,980	6,436
Children's Comfort Funds	7	-	-	7
Community Drug & Alcohol Misuse	290	(280)	-	10
Community Investment Fund	91	-	-	91
Coroners Judicial Review	101	(30)	-	71
Criminal Injuries Compensation	12	-	-	12
Early Release	609	-	-	609
Economic Regeneration, Growth & Environment Services (ERGE)	731	(641)	990	1,080
Families and Wellbeing Service Adults	157	(144)	612	625
Families and Wellbeing Service Childrens	4,059	(4,059)	3,521	3,521
Financial Protection Team	20	-	-	20
Home to School Transport	71	(71)	-	-
Homelessness	91	-	-	91
Insurance Fund	2,129	-	-	2,129
Local Authority Mortgage Scheme	572	-	153	725
Local Land Charges	21	(21)	-	-
Loans & Investment	3,000	-	-	3,000

	Balance at 31 March 2016 £'000	Transfers out 2015/16 £'000	Transfers in 2015/16 £'000	Balance at 31 March 2016 £'000
Market Tenants Advertising	-	-	-	-
Mayor's Charity	9	-	47	56
Members Voluntary Initiative	8	-	-	8
Municipal Mutual Insurance (MMI)	465	-	-	465
Medium Term Financial Plan	7,795	(5,418)	5,417	7,794
Museum Arts	13	-	-	13
Prison Substance Misuse Service	55	(55)	-	-
Public Health Grant	495	(495)	931	931
Resources & Strategic Commissioning	6,023	(5,112)	2,285	3,196
Salary Sacrifice Car Lease	93	-	-	93
SALIX Revolving Fund	129	-	-	129
Schools Forum Service Development	59	-	-	59
Sinking Fund	235	(238)	304	301
Solar Panels Lifecycle Fund	277	-	3	280
Strategic Reserve	4,760	-	-	4,760
Taxi Account	68	(10)	-	58
Time Square	3	(3)	-	-
Town Centre Sinking Fund	368	(98)	4	274
Union Learner Reps	17	-	-	17
Unitary Charge	836	-	195	1,031
Walton Hall	5	-	-	5
Walton Zoo	-	-	9	9
Winwick Road	111	-	-	111
2 Way Youth Offending Team (YOT)	273	(273)	-	-
Warrington YOT	-	(73)	272	199
Halton YOT	-	(42)	271	229
Cheshire West YOT	-	(26)	135	109
3 Way Youth Offending Team (YOT)	339	(502)	163	-
Total Council Reserves	**38,525**	**(20,262)**	**20,407**	**38,670**
Total Earmarked Reserves	**48,657**	**(27,989)**	**25,426**	**46,094**
Net Transfer to/(from) Reserves			**(2,563)**	

	Balance at 31 March 2016 £'000	Transfers out 2016/17 £'000	Transfers in 2016/17 £'000	Balance at 31 March 2017 £'000
Schools				
School Balances	5,019	(295)	209	4,933
Schools Re-organisation Contingency	2,405	(193)	-	2,212
Total Schools Reserves	**7,424**	**(488)**	**209**	**7,145**
Council				
Anson & Blenheim PFI	1	-	-	1
BCF Pooled	115	(94)	-	21
Birchwood Park	-	-	1,000	1,000
Business Rates Smoothing	6,436	(4,335)	6,632	8,733
Children's Comfort Funds	7	-	-	7
Community Drug & Alcohol Misuse	10	-	-	10
Community Investment Fund	91	-	-	91
Coroners Judicial Review	71	-	45	116
Criminal Injuries Compensation	12	(12)	-	-
Early Release	609	-	1	610
Economic Regeneration, Growth & Environment Services (ERGE)	1,080	(1,001)	499	578
Families and Wellbeing Service Adults	625	(631)	948	942
Families and Wellbeing Service Childrens	3,521	(3,521)	2,775	2,775
Financial Protection Team	20	-	-	20
Home to School Transport	-	-	-	-
Homelessness	91	-	-	91
Insurance Fund	2,129	-	-	2,129
Local Authority Mortgage Scheme	725	-	-	725
Local Land Charges	-	-	-	-
Loans & Investment	3,000	-	-	3,000

	Balance at 31 March 2016 £'000	Transfers out 2016/17 £'000	Transfers in 2016/17 £'000	Balance at 31 March 2017 £'000
Market Tenants Advertising	-	-	2	2
Mayor's Charity	56	(37)	-	19
Members Voluntary Initiative	8	-	-	8
Municipal Mutual Insurance (MMI)	465	-	-	465
Medium Term Financial Plan	7,794	(4,846)	569	3,517
Museum Arts	13	-	-	13
Prison Substance Misuse Service	-	-	-	-
Public Health Grant	931	(931)	903	903
Resources & Strategic Commissioning	3,196	(2,741)	61	516
Salary Sacrifice Car Lease	93	-	-	93
SALIX Revolving Fund	129	-	-	129
Schools Forum Service Development	59	-	-	59
Sinking Fund	301	-	208	509
Solar Panels Lifecycle Fund	280	-	-	280
Strategic Reserve	4,760	-	-	4,760
Taxi Account	58	(33)	-	25
Time Square	-	-	-	-
Town Centre Sinking Fund	274	(45)	-	229
Union Learner Reps	17	-	-	17
Unitary Charge	1,031	-	277	1,308
Walton Hall	5	-	-	5
Walton Zoo	9	(9)	-	-
Winwick Road	111	-	-	111
2 Way Youth Offending Team (YOT)	-	-	-	-
Warrington YOT	199	(58)	16	157
Halton YOT	229	(99)	16	146
Cheshire West YOT	109	(58)	16	67
3 Way Youth Offending Team (YOT)	-	-	-	-
Total Council Reserves	**38,670**	**(18,451)**	**13,968**	**34,187**
Total Earmarked Reserves	**46,094**	**(18,939)**	**14,177**	**41,332**
Net Transfer to/(from) Reserves			**(4,762)**	

	Purpose of Reserve
<u>Schools</u>	
School Balances	
Schools Re-organisation Contingency	To contribute to the school deficit upon closure
Total Schools Reserves	
<u>Council</u>	
Anson & Blenheim PFI	PFI credits ring-fenced to mitigate any future liabilities
BCF Pooled	To fund better care pooled arrangements.
Birchwood Park	To act as a contingency for Birchwood Park activity
Business Rates Smoothing	To fund fluctuations in business rates deficit estimates.
Children's Comfort Funds	Held on behalf of children in care
Community Drug & Alcohol Misuse	To fund the Council's drug and alcohol misuse strategy
Community Investment Fund	To fund Community Investment Schemes
Coroners Judicial Review	To fund any one off costs of future judicial reviews
Criminal Injuries Compensation	To provide for criminal injury claims from children in care
Early Release	To fund movements in the redundancy calculation
Economic Regeneration, Growth & Environment Services (ERGE)	To fund future expenditure in ERGE
Families and Wellbeing Service Adults	To fund future expenditure in FWB Adults
Families and Wellbeing Service Childrens	To fund future expenditure in FWB Children's
Financial Protection Team	To fund expenditure for Adults with specific criteria
Home to School Transport	Future potential home to school transport claims
Homelessness	To fund bond/deposits to secure accomodfation for the homeless
Insurance Fund	Third party claim excesses and self insure areas of risk
Local Authority Mortgage Scheme	Potential future LAMS defaults
Local Land Charges	Statutory 3 year fee setting ring-fence surplus/deficit

	Purpose of Reserve
Loans & Investment	To act as a contingency for any future problems which may occur in the repayment of the Council's loan portfolio and act as a pump primer to fund feasibility studies on potential future capital and treasury schemes
Market Tenants Advertising	To fund market tenants advertising
Mayor's Charity	Money's collected for mayoral supported charities
Members Voluntary Initiative	To fund International Partnerships initiative
Municipal Mutual Insurance (MMI)	To fund future potential MMI clawback
Medium Term Financial Plan	To ensure the council's future financial sustainability
Museum Arts	To fund future museum exhibitions or art acquisitions
Prison Substance Misuse Service	To fund the Council's prison substance misuse strategy
Public Health Grant	To fund public health expenditure
Resources & Strategic Commissioning	To fund future expenditure in RaSC
Salary Sacrifice Car Lease	Potential future liability on salary sacrifice car lease
SALIX Revolving Fund	Energy efficiency schemes
Schools Forum Service Development	Financial and advisory support to Schools Forum
Sinking Fund	Alder Lodge Homeless Unit refurbishment/enhancement
Solar Panels Lifecycle Fund	Future replacement cost on solar panels
Strategic Reserve	For emergency events such as unforeseen financial liabilities or natural disasters
Taxi Account	Ring-fenced account of Taxi Service surplus/deficit
Time Square	Regeneration of Time Square
Town Centre Sinking Fund	Potential future Town Centre overspends
Union Learner Reps	Monies set aside to increase participation in union training services
Unitary Charge	Future variations on unitary charge on PFI schemes
Walton Hall	Walton Hall refurbishment
Walton Zoo	Walton Hall animals
Winwick Road	Alder Lodge Homeless Unit refurbishment/enhancement

	Purpose of Reserve
2 Way Youth Offending Team (YOT)	Warrington and Halton Council's joint provision of YOT
Warrington YOT	Warrington Council YOT
Halton YOT	Halton Council YOT
Cheshire West YOT	Cheshire West Council YOT
3 Way Youth Offending Team (YOT)	Warrington, Halton and Cheshire West Council's joint provision for the provision of YOT
Total Council Reserves	
Total Earmarked Reserves	
Net Transfer to/(from) Reserves	

9 Usable Reserves

Movements in the Council's earmarked reserves are detailed in the Movement in Reserves Statement and Note 7.

	Note(s)	31/03/17 £'000	31/03/18 £'000
Held for Revenue Purposes			
General Fund		1,402	1,277
Earmarked Reserves	8	46,094	41,332
General Fund Balance	MiRS	**47,496**	**42,609**
Held for Capital Purposes			
Capital Receipts Reserve	MiRS	5,023	5,219
Capital Grants Unapplied Reserve	MiRS	8,104	10,695
Total Usable Reserves		**60,623**	**58,523**

Capital Receipts Reserve
The Capital Receipts Reserve contains cash receipts from the sale of Council assets, which have not yet been used to finance capital expenditure.

	Note(s)	31/03/17 £'000	31/03/18 £'000
Balance as at 1 April		**5,414**	**5,023**
Tfr from Deferred Capital Receipts	7	48	4
Capital receipts from year	7	2,017	3,107
		7,479	**8,134**
Less:			
Capital receipts used for financing	7	(2,456)	(2,915)
Balance as at 31 March		**5,023**	**5,219**

Capital Grants Unapplied

	Note(s)	31/03/17 £'000	31/03/18 £'000
Balance as at 1 April		**5,989**	**8,104**
Grants received in year		15,166	13,676
Tfr to Capital Adjustment Account in year		(13,051)	(11,085)
Balance as at 31 March		**8,104**	**10,695**

The following three notes detail amounts that are included in the (Surplus) or Deficit on Provision of Services on the CIES but are not included in the Cost of Services as these relate to items of Council wide income and expenditure that cannot be allocated to a specific service line.

10 Other Operating Expenditure

2016/17 £'000		2017/18 £'000
1,738	Parish council precepts	1,996
9,844	Losses on the disposal of non-current assets	31,168
126	Levies	125
11,708		**33,289**

11 Financing and Investment Income and Expenditure

2016/17 £'000		2017/18 £'000
8,066	Interest payable and similar charges	11,549
4,035	Pensions interest cost and expected return on pension assets	4,871
(7,522)	Interest receivable and similar income	(8,970)
(2,608)	Income and expenditure in relation to investment properties and changes in their fair value	(87)
1,971		**7,363**

12 Taxation and Non Specific Grant Incomes

2016/17 £'000		2017/18 £'000
(85,014)	Council Tax Income	(90,143)
(29,823)	NDR Redistribution	(28,758)
(26,966)	Non-ringfenced government grants	(18,795)
(25,778)	Capital grants	(25,387)
(167,581)		**(163,083)**

13 Material Items of Income and Expense

In the year the Comprehensive Income and Expenditure Statement was charged with the following items of material (greater than £5m) expenditure:

Loss on Disposal (Conversion) of Academies	£'000
Great Sankey Primary	5,674
Sir Thomas Boteler Academy	8,281
New Horizons School	1,670
Park Road Community Primary	2,262
Chapelford Village Primary	7,438
Westbrook Old Hall Primary	2,974
Burtonwood Community Primary	3,046
TOTAL	**31,345**

14 Members' Allowances

During the year allowances paid to Members were £0.713m (£0.715m in 2016/17) and expenses paid were £0.088m (£0.090m in 2016/17).

15 Officers' Remuneration

The remuneration paid to the Council's senior employees is included in the table overleaf. The list contains the Chief Executive, Executive Directors and their direct reports. Positions held by agency staff are not included within this disclosure as it relates to employees only.

Officers Remuneration 2017/18

Officer	Year	Salary, Fees and Allowances (note 3) £	Expenses Allowances £	Taxable Benefits £	Other Non-Cash Benefits £	Compensation for Loss of Office £	Pension Contribution £	Total £
Professor Steven Broomhead	**2017/18**	**133,640**	**846**	**-**	**-**	**-**	**-**	**134,486**
Chief Executive (Note 1)	2016/17	124,533	846	-	-	-	-	125,379
Katherine Fairclough	**2017/18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Deputy Chief Executive	2016/17	110,685	776	-	495	-	24,149	136,104
Steve Reddy	**2017/18**	**71,596**	**423**	**-**	**-**	**-**	**-**	**72,019**
Executive Director Families & Wellbeing (Left 30/09/17)	2016/17	121,643	1,391	-	4,995	-	-	128,029
Steve Peddie	**2017/18**	**46,809**	**678**	**-**	**2,615**	**-**	**8,753**	**58,856**
Executive Director Families & Wellbeing (Start 01/10/17)	2016/17	-	-	-	-	-	-	-
Andy Farrall	**2017/18**	**115,297**	**846**	**-**	**-**	**-**	**26,288**	**142,431**
Executive Director Economic Regeneration, Growth & Environment	2016/17	114,155	846	-	-	-	25,228	140,229
Lynton Green	**2017/18**	**93,609**	**1,646**	**-**	**10,365**	**-**	**21,343**	**126,963**
Director of Finance & Information Services	2016/17	86,706	1,607	-	11,163	-	19,378	118,854
Dr Rita Robertson	**2017/18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Director of Public Health (Left 30/04/16)	2016/17	9,102	-	-	-	-	1,302	10,404
Dr Abdel Aziz	**2017/18**	**117,781**	**846**	**-**	**-**	**-**	**26,854**	**145,481**
Director of Public Health (Start 01/04/16)	2016/17	115,099	846	-	540	-	26,155	142,641
Tim Date	**2017/18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Solicitor to the Council (Left 31/12/16)	2016/17	67,482	635	-	-	42,710	14,914	125,740
Matthew Cumberbatch	**2017/18**	**72,316**	**1,184**	**-**	**-**	**-**	**16,488**	**89,988**
Head of Legal & Democratic Services (Start 07/11/16)	2016/17	28,000	-	-	-	-	6,188	34,188
Assistant Director	**2017/18**	**94,898**	**768**	**-**	**-**	**-**	**19,905**	**115,571**
Targeted Services (Left 25/02/18)	2016/17	94,976	846	-	-	-	20,989	116,811
Assistant Director	**2017/18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Business Planning & Resources (Left 19/06/16)	2016/17	19,745	186	-	-	91,000	4,801	115,731
Assistant Director	**2017/18**	**90,376**	**846**	**-**	**500**	**-**	**20,720**	**112,442**
Transportation, Engineering & Operations	2016/17	88,236	846	-	1,740	-	19,885	110,707
Assistant Director	**2017/18**	**86,874**	**1,396**	**-**	**4,002**	**-**	**19,807**	**112,079**
Integrated Adult Health & SCC (Note 2)	2016/17	83,863	1,344	-	6,113	-	19,000	110,320
Interim Assistant Director - Education	**2017/18**	**39,128**	**353**	**-**	**-**	**-**	**7,317**	**46,798**
(Post Restructured 31/08/17)	2016/17	90,118	846	-	540	-	20,035	111,539
Operational Director Adult Services (Left 30/09/17)	**2017/18**	**46,809**	**678**	**-**	**2,615**			**50,102**
	2016/17	89,525	1,260	-	5,769	-	19,904	116,458
Assistant Director	**2017/18**	**25,226**	**160**	**-**	**-**	**109,490**	**3,914**	**138,790**
Partnerships & Performance (Left 08/06/17)	2016/17	89,976	846	-	-	-	19,885	110,707
Gareth Hopkins	**2017/18**	**85,372**	**1,581**	**-**	**5,304**	**-**	**9,738**	**101,995**
Assistant Director Customer & Business Transformation	2016/17	81,018	1,560	-	6,311	-	-	88,889
Managing Director Warrington & Co	**2017/18**	**82,932**	**2,344**	**-**	**7,944**	**-**	**18,908**	**112,128**
	2016/17	86,666	1,471	-	3,310	-	19,153	110,600
Assistant Director, Regulatory and	**2017/18**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Public Protection (Left 26/02/17)	2016/17	76,627	2,495	-	495	82,926	17,044	179,586
Interim Assistant Director - Early Help	**2017/18**	**74,236**	**846**	**-**	**-**	**-**	**16,926**	**92,008**
(Post Restructured 01/09/17)	2016/17	-	-	-	-	-	-	-

- **Note 1 -** Excludes amounts paid to the Chief Executive for Returning Officer duties. The Chief Executive is 0.8 full time equivalent and is required to be named. In addition, the Council's Senior Management Team are named.
- **Note 2 –** 50% funded by Warrington CCG (100% included in the table)
- **Note 3 -** Fees for election duties are not included within the table

The number of Council employees including teachers and senior employees receiving more than £50,000 remuneration for the year is included in the following table. The numbers included within this table differ from the first table as employer's pension contributions are excluded.

2016/17					2017/18			
No. of Non-school Employees	**No. of School Employees**	**No. of Agency Staff**	**Total No. of Staff**	**Bandings**	**No. of Non-school Employees**	**No. of School Employees**	**No. of Agency Staff**	**Total No. of Staff**
14	27	6	47	£50,000 to £54,999	14	26	2	42
9	33	4	46	£55,000 to £59,999	11	28	1	40
6	16	1	23	£60,000 to £64,999	9	24	-	33
10	11	7	28	£65,000 to £69,999	15	7	1	23
2	2	2	6	£70,000 to £74,999	3	2	1	6
4	4	-	8	£75,000 to £79,999	5	3	3	11
1	2	1	4	£80,000 to £84,999	1	-	-	1
1	-	1	2	£85,000 to £89,999	2	2	1	5
5	-	3	8	£90,000 to £94,999	4	-	-	4
3	-	-	3	£95,000 to £99,999	1	-	-	1
-	-	-	-	£100,000 to £104,999	-	-	-	-
-	-	1	1	£105,000 to £109,999	1	-	-	1
1	-	-	1	£110,000 to £114,999	1	-	-	1
3	-	-	3	£115,000 to £119,999	2	-	-	2
-	-	-	-	£120,000 to £124,999	-	-	1	1
2	-	-	2	£125,000 to £129,999	1	-	-	1
-	-	-	-	£130,000 to £134,999	1	-	-	1
61	**95**	**26**	**182**		**71**	**92**	**10**	**173**

Exit Packages 2017/18

2017/18	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
Exit Package Cost Band (including special payments)	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools £	Non-Schools £	Total £
£0 - £20,000	-	9	**9**	11	10	**21**	**11**	**19**	**30**	89,051	122,026	**211,077**
£20,001 - £40,000	-	-	**-**	-	8	**8**	**-**	**8**	**8**	-	215,477	**215,477**
£40,001 - £60,000	-	2	**2**	1	4	**5**	**1**	**6**	**7**	44,889	303,790	**348,680**
£60,001 - £80,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	60,126	**60,126**
£80,001 - £100,000	-	-	**-**	-	5	**5**	**-**	**5**	**5**	-	456,789	**456,789**
£100,001 - £150,000	-	1	**1**	-	3	**3**	**-**	**4**	**4**	-	449,807	**449,807**
£150,001 - £200,000	-	1	**1**	-	-	**-**	**-**	**1**	**1**	-	152,367	**152,367**
£200,001 - £250,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	211,485	**211,485**
Total	**-**	**13**	**13**	**12**	**32**	**44**	**12**	**45**	**57**	**133,941**	**1,971,868**	**1,894,323**

Exit Packages 2016/17

2016/17	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
Exit Package Cost Band (including special payments)	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools £	Non-Schools £	Total £
£0 - £20,000	2	5	**7**	39	37	**76**	**41**	**42**	**83**	294,433	296,641	**591,074**
£20,001 - £40,000	-	-	**-**	2	15	**17**	**2**	**15**	**17**	51,976	420,040	**472,016**
£40,001 - £60,000	-	-	**-**	-	11	**11**	**-**	**11**	**11**	-	535,931	**535,931**
£60,001 - £80,000	-	-	**-**	-	7	**7**	**-**	**7**	**7**	-	466,388	**466,388**
£80,001 - £100,000	-	-	**-**	-	1	**1**	**-**	**1**	**1**	-	91,000	**91,000**
£100,001 - £150,000	-	-	**-**	-	3	**3**	**-**	**3**	**3**	-	362,213	**362,213**
£150,001 - £200,000	-	-	**-**	-	-	**-**	**-**	**-**	**-**	-	-	**-**
Total	**2**	**5**	**7**	**41**	**74**	**115**	**43**	**79**	**122**	**346,409**	**2,172,213**	**2,518,622**

16 Termination Benefits

The Council terminated the contracts of 57 employees in 2017/18, incurring redundancy liabilities of £975,257 (2016/17 £1,601,507) and pension fund liabilities of £1,130,551 (2016/17 £1,012,572) as part of the Council's budget savings.

17 External Audit Costs

The fee payable to Grant Thornton UK LLP with regard to external audit services carried out for the year was £127,163 (2016/17 £127,163). The fee payable for the certification of grant claims and returns for the year was £7,652 (£16,673 in 2016/17). The fee payable with regard to other services for the year was £13,000 (2016/17 £38,913).

18 Expenditure and Income Analysed by Nature

The income and expenditure of the Council's directorates recorded in the budget reports for the year was as follows.

Expenditure/Income	2016/17 £'000	2017/18 £'000
Expenditure		
Employee benefits expenses	176,521	183,062
Other service expenses	259,444	261,399
Depreciation, amortisation, impairment	28,742	55,608
Interest payments	8,066	11,510
Expenditure realting to investment properties	(1,949)	553
Precepts and levies	1,738	1,996
Total expenditure	**472,562**	**514,128**
Income		
Fees, charges and other service income	(196,814)	(129,111)
Interest and investment income	(7,522)	(9,617)
Income relating to investment properties	(658)	(640)
Income from council tax, non-domestic rates	(85,014)	(90,143)
Government grants and contributions	(173,226)	(228,890)
Total Income	**(463,234)**	**(458,402)**
Surplus or Deficit on the Provision of Services	**9,328**	**55,727**

19 Dedicated Schools Grant

The Council's expenditure on schools and education is funded primarily by the Dedicated Schools Grant (DSG). An element of DSG is provided to fund academy schools within the Borough. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance (England) Regulations 2011. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2017/18 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Issue Total £'000	Funding Total £'000
Final DSG for 2017/18 before academy recoupment				156,486
Academies figure recouped for 2017/18				(47,142)
Total DSG after academy recoupment for 2017/18				109,344
Plus: Brought forward from 2016/17				(83)
Less: Carry forward to 2018/19				
Agreed initial budgeted distribution in 2017/18	18,912	95,350	114,262	
In-year adjustments	(585)	(4,333)	(4,918)	
Final budget distribution for 2017/18	18,327	91,017	109,344	-
Less: Actual Central Expenditure	(19,706)		(19,706)	
Less: Actual Individual Schools Budget deployed to schools		(90,925)	(90,925)	
Plus: Local Authority contribution for 2015/16			-	
Carry forward to 2018/19	**(1,379)**	**92**	**(1,287)**	**109,261**

20 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2017/18.

The grants that are credited to Taxation and non-Specific Grant Income are shown in the following table. The revenue grants shown are the non-ringfenced Grants that, once combined with the Council Tax Income, form the Council's Net Budget for the year.

Credited to Taxation and Non-specific Grant Income	**2016/17 £'000**	**2017/18 £'000**
Revenue		
Business Rates Retention Scheme Income	29,823	28,758
Revenue Support Grant	17,192	10,259
New Homes Bonus	5,575	4,604
Education Services Grant	2,224	609
Business Rates Section 31 Grants	1,285	1,747
Other Grants credited to Taxation & Non Specific Grant Income	690	1,576
Total Revenue Grants	**56,789**	**47,553**
Capital Grants and Contributions	25,778	25,387
Total	**82,567**	**72,940**

The grants and contributions shown overleaf are specific to certain services and are therefore included on specific income lines in the Cost of Services.

Credited to Services	2016/17 £'000	2017/18 £'000
Grants		
Dedicated Schools Grant	111,183	109,190
Rent Allowance Subsidy	49,092	42,573
Public Health Grant	12,901	12,583
Pupil Premium	5,763	5,717
Improved Better Care Fund	-	3,338
Universal Schools Meals Grant	2,570	2,460
Substance Misuse Grant	1,205	1,183
Capital Grant Income to fund Revenue Expenditure	1,610	2,507
Other Grants	8,636	9,357
Total Grants	**192,960**	**188,908**
Contributions		
High Costs Care Packages Contributions	1,068	1,020
NHS CCG contributions	465	17,080
Coroner Service Contributions	1,126	1,170
Other Contributions	6,691	7,904
Total Contributions	**9,350**	**27,174**
Total	**202,310**	**216,082**

The following grants have yet to be recognised as income in the CIES as they have grant conditions which have not yet been met and will be repayable if not used for the specified purpose.

Grants Receipts in Advance (Short and Long-term)	2016/17 £'000	2017/18 £'000
Capital Grants	**487**	**1,102**
Revenue Grants		
Commuted Sums	7,676	7,365
S106 Agreements	5,612	6,944
Dedicated Schools Grant	-	1
Miscellaneous Revenue Grants	36	148
Total Revenue Grants	**13,324**	**14,458**
Total	**13,811**	**15,560**

21 Property, Plant and Equipment (PPE)

Movements on Balances

Movement in 2017/18:

	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	PFI Assets included in PPE £'000	VA Schools included in PPE £'000
Cost or Valuation									
Balance as at 1 April 2017	**333,615**	**206,277**	**54,572**	**14,253**	**53,972**	**6,666**	**669,355**	**7,493**	**59,321**
Additions (Note 23)	4,484	31,539	1,477	574	48,233	13	**86,320**	-	151
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	(2,175)	-	-	-	-	(300)	**(2,475)**	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	10,590	-	-	-	-	(629)	**9,961**	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,709)	-	-	-	-	(965)	**(7,674)**	-	-
Derecognition - disposals	(30,766)	-	(2,674)	-	(2,856)	-	**(36,296)**	-	(8,281)
Reclassifcations & transfers	27,708	535	1,191	247	(29,681)	-	**-**	-	-
Reclassified (to)/from Investment Properties	4,860	-	-	-	(251)	-	**4,609**	-	-
Balance as at 31 March 2018	**341,607**	**238,351**	**54,566**	**15,074**	**69,417**	**4,785**	**723,800**	**7,493**	**51,191**
Depreciation and Impairment									
Balance as at 1 April 2017	**13,823**	**26,010**	**18,916**	**6**	**-**	**476**	**59,231**	**276**	**5,908**
Depreciation charge	6,951	5,163	4,468	-	-	116	**16,698**	229	2,355
Accumulated depreciation written out to GCA	(2,175)	-	-	-	-	(300)	**(2,475)**	-	-
Depreciation - disposals	(1,851)	-	(758)	-	-	-	**(2,609)**	-	(875)
Reclassifcations & transfers	-	-	-	-	-	-	**-**	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	**-**	-	-
Balance as at 31 March 2018	**16,748**	**31,173**	**22,626**	**6**	**-**	**292**	**70,845**	**505**	**7,388**
Net Book Value									
Balance as at 31 March 2018	**324,859**	**207,178**	**31,940**	**15,068**	**69,417**	**4,493**	**652,955**	**6,988**	**43,803**
Balance as at 31 March 2017	**319,792**	**180,267**	**35,656**	**14,247**	**53,972**	**6,190**	**610,124**	**7,217**	**53,413**

Comparable Movements in 2016/17:

	Council Dwellings £'000	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	PFI Assets included in PPE £'000	VA Schools included in PPE £'000
Cost or Valuation										
Balance as at 1 April 2016	**-**	**324,207**	**181,514**	**52,850**	**13,507**	**36,020**	**6,672**	**614,770**	**7,493**	**55,947**
Additions (Note 24)	-	7,484	24,763	2,453	602	35,753	12	**71,067**	-	2,873
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	-	(442)	-	-	-	-	-	**(442)**	-	(107)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(44)	-	-	-	-	-	**(44)**	-	608
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(3,251)	-	-	-	-	-	**(3,251)**	-	-
Derecognition - disposals	-	(9,486)	-	(731)	(20)	(2,223)	(18)	**(12,478)**	-	-
Reclassifcations & transfers	-	15,414	-	-	164	(15,578)	-	**-**	-	-
Reclassified (to)/from Investment Properties	-	(267)	-	-	-	-	-	**(267)**	-	-
Balance as at 31 March 2017	**-**	**333,615**	**206,277**	**54,572**	**14,253**	**53,972**	**6,666**	**669,355**	**7,493**	**59,321**
Depreciation and Impairment										
Balance as at 1 April 2016	**-**	**7,779**	**21,466**	**14,997**	**6**	**196**	**359**	**44,803**	**47**	**3,827**
Depreciation charge	-	6,619	4,544	4,297	-	-	117	**15,577**	229	2,188
Accumulated depreciation written out to GCA	-	(442)	-	-	-	-	-	**(442)**	-	(107)
Depreciation - disposals	-	(329)	-	(378)	-	-	-	**(707)**	-	-
Reclassifcations & transfers	-	196	-	-	-	(196)	-	**-**	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	-	**-**	-	-
Balance as at 31 March 2017	**-**	**13,823**	**26,010**	**18,916**	**6**	**-**	**476**	**59,231**	**276**	**5,908**
Net Book Value										
Balance as at 31 March 2017	**-**	**319,792**	**180,267**	**35,656**	**14,247**	**53,972**	**6,190**	**610,124**	**7,217**	**53,413**
Balance as at 31 March 2016	**-**	**316,428**	**160,048**	**37,853**	**13,501**	**35,824**	**6,313**	**569,967**	**7,446**	**52,120**

PFI Assets are those relating to Private Finance Initiatives.

Depreciation
Depreciation is provided for on all Property, Plant and Equipment (PPE) assets by the allocating their depreciable amounts over their useful lives, however some exceptions apply. See Accounting Policy 1.18 in Appendix A. Depreciation is calculated on the following basis:

- Dwellings & other buildings and plant & services components from other buildings – straight line allocation over 5 to 60 years, dependant on the initial value of the asset
- Vehicles, plant, furniture and equipment – straight line allocation over 3 to 10 years, dependant on the initial value of the asset
- Infrastructure – straight line allocation over 40 years

Capital Commitments

The total capital commitments as at 31 March 2018 were £90.931m. This includes the following major projects:

- Warrington West Station £12.440m
- Omega M62 Junction 8 £1.178m
- Time Square Regeneration £65.061m
- Highways Maintenance Investment £2.161m
- Walton Estate - Heritage Lottery Fund Project £2.428m
- Omega Highways Gateways - Burtonwood Road/Kingwoods Road £2.372m

Similar commitments at 31 March 2017 were £31.329m relating to previous year commitment totals for all of the projects listed above as well as Warrington Priority Infrastructure, Time Square Regeneration, and Highways Maintenance Investment.

Revaluations

The Council carries out a rolling programme of revaluations in accordance with Accounting Policy 1.18 (Appendix A), as well as desktop reviews of assets not valued within a particular year. Revaluations are made with sufficient regularity to ensure that the carrying value of assets is not materially different to fair value.

The valuations were undertaken by the Estates Division of the Council in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institute of Chartered Surveyors. All assets are valued as at 31 March, as part of a five year programme as shown below.

	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000
Carried at historic cost	20,852	238,351	54,566	15,074	69,417	792	**399,052**
Valued at fair value as at:							
31 March 2018	81,912	-	-	-	-	3,993	**85,905**
31 March 2017	13,818	-	-	-	-	-	**13,818**
31 March 2016	53,405	-	-	-	-	-	**53,405**
31 March 2015	137,598	-	-	-	-	-	**137,598**
31 March 2014	34,022	-	-	-	-	-	**34,022**
Total Cost or Valuation	**341,607**	**238,351**	**54,566**	**15,074**	**69,417**	**4,785**	**723,800**

22 Heritage Assets

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

The Council's Heritage Assets held on the Balance Sheet at insurance valuation constitute:

- Museum Exhibits and Artworks
- Civic Regalia
- Ornamental Gates
- Statues and Town Centre Artwork

Insurance valuations increase annually by the increase in the rebuild annual index for estate items in the absence of any other relevant indices.

	Museum Exhibits & Artworks £'000	Civic Regalia £'000	Ornamental Gates £'000	Statues & Town Centre Artwork £'000	Total Assets £'000
Cost or Valuation					
Balance as at 31 March 2016	**9,419**	**278**	**2,525**	**3,147**	**15,369**
Revaluations	283	31	76	92	**482**
Balance as at 31 March 2017	**9,702**	**309**	**2,601**	**3,239**	**15,851**
Revaluations	-	-	-	111	**111**
Balance as at 31 March 2018	**9,702**	**309**	**2,601**	**3,350**	**15,962**

Additions, Disposals and Donations of Heritage Assets

There were no additions or disposals of Heritage Assets during 2015/16 and there have been no movements in acquisitions, donations or disposals over the past five years.

23 Investment Properties

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

	2016/17 £'000	2017/18 £'000
Rental income from investment property	(658)	(640)
Net (gains)/losses from fair value adjustments	(2,883)	(359)
Direct operating expenses arising from investment property	933	912
Net (gain)/loss	**(2,608)**	**(87)**

There are no restrictions on the Council's ability to realise the value inherent in its investment property or 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 for repairs, maintenance or enhancement of these assets.

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

	2016/17 £'000	2017/18 £'000
Balance as at the start of the year	**31,243**	**50,136**
Disposals	(91)	(1,276)
Net gains/(losses) from fair value adjustments	2,883	359
Additions	15,834	-
Transfers (to)/ from Property, Plant and Equipment	267	(4,609)
Balance as at end of the year	**50,136**	**44,610**

Fair Value Hierarchy

Details of Warrington Borough Council investment properties and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

2017/18	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2018 £000
Industrial Ground Rents	-	10,167	840	11,007
Retail Units	-	2,123	3,146	5,269
Industrial Units	-	1,480	971	2,451
Retail Warehouse	-	8,675	3,852	12,527
Other	-	10,091	3,265	13,356
Total	**-**	**32,536**	**12,074**	**44,610**

2016/17	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2017 £000
Industrial Ground Rents	-	3,020	8,814	11,834
Retail Units	-	1,725	3,592	5,317
Industrial Units	-	1,465	971	2,436
Retail Warehouse	-	17,788	-	17,788
Other	-	8,376	4,385	12,761
Total	**-**	**32,374**	**17,762**	**50,136**

Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties

Significant Observable Inputs – Level 2

The fair value for the industrial and retail units (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Significant Unobservable Inputs – Level 3

The industrial and retail units located in the local authority area are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the council's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels, maintenance costs, etc.

The council's industrial and retail units are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements (and there is no reasonably available information that indicates that market participants would use different assumptions).

Highest and Best Use of Investment Properties

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

Valuation Techniques

There has been no change in the valuation techniques used during the year for investment properties.

Reconciliation of Fair Value Measurements (using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Value Hierarchy

	31 March 2017 £000	31 March 2018 £000
Opening Balance	17,842	17,762
Transfers into Level 3	618	3,852
Transfers out of Level 3	(1,111)	(9,831)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	413	291
Additions	-	-
Disposals	-	-
Closing Balance	**17,762**	**12,074**

Gains or losses arising from changes in the fair value of the investment property are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

	As at 31/03/2018 £000	Valuation technique used to measure fair value	Unobservable inputs	Range	Sensitivity
Industrial Ground Rents	840	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	4-6%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value
Other	3,265	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	4-6%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value
Retail Units	3,146	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	8-10%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value
Retail Warehouse	3,852	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	8-10%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value
Industrial Units	971	Income approach using a discounted cash flow technique	Rental Growth: Capitalisation Yield	5-8%	Significant changes in rent growth and capitalisation yield will result in a significantly lower or higher fair value

Valuation Process for Investment Properties

The fair value of the council's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

24 Capital Expenditure and Capital Financing

Total capital expenditure incurred in the year is shown in the table overleaf (including the value of assets acquired under finance leases and Private Finance Initiative (PFI) contracts), together with the relevant financing. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

	Note(s)	2016/17 £'000	2017/18 £'000
Opening Capital Financing Requirement		**304,831**	**387,887**
Capital Investment			
Property, Plant and Equipment	21	71,067	85,630
Investment Properties	23	15,834	-
Intangible Assets		-	155
Revenue Expenditure Funded by Capital Under Statute		5,110	5,214
Redwood Bank		-	10,314
Birchwood Park JPUT		-	209,853
Long Term Debtor - Loans to Registered Providers		20,000	41,500
Long Term Debtor - Loan to OWL - Omega Warrington Ltd		3,029	1,636
		115,040	**354,302**
Sources of Finance			
Capital Receipts	9	(2,456)	(2,915)
Government Grants & Other Contributions		(22,476)	(23,978)
Payments Received for:			
Long Term Debtor - LAMS		-	(3,500)
Long Term Debtor - Warrington Housing Association		(105)	(110)
Long Term Debtor - Golden Gates Housing		(46)	(48)
Long Term Debtor - Your Housing		(70)	(74)
Long Term Debtor - Equity		(185)	(255)
Long Term Debtor - Muir		(266)	(313)
Long Term Debtor - Helena		(336)	(353)
Long Term Debtor - Loan to OWL - Omega Warrington Ltd		(2,478)	-
Long Term Debtor - Warrington Borough Transport		(195)	(65)
Long Term Debtor - Loan to LiveWire		(301)	-
Long Term Debtor - Wirral Methodist		(5)	(30)
Sums set aside from Revenue:			
Developers Contribution (S106)		(2,796)	(1,327)
Minimum Revenue Provision		(269)	(275)
		(31,984)	**(33,243)**
Closing Capital Financing Requirement		**387,887**	**708,946**
Explanations of movements in year			
Increase in underlying need for borrowing		83,056	321,059

25 Long Term Debtors

The Council's long term debtors (over 12 months) are as follows:

	31/03/17 £'000	31/03/18 £'000
Long-term Debtors		
Other entities and individuals:		
Deferred Car Charges	1,618	1,695
Charged Properties	22	-
Finance Leases (Where Council is Lessor)	31,888	31,888
Local Authority Mortgage Schemes	2,000	-
Warrington Housing Association	3,394	3,278
Golden Gates Housing	1,563	1,512
Muir Housing Group	11,823	11,498
Arena Housing Group	2,773	2,695
Equity Housing Group	9,560	9,295
Helena Housing Association	13,836	13,465
Wulvern Housing Limited	10,000	10,000
Omega Warrington Limited	6,279	7,915
LiveWire	475	2,845
Peaks & Plains Housing	-	4,000
One Housing Group	-	33,980
Total Long-term Debtors	**95,231**	**134,066**

26 Debtors

The Council's short term debtors (under 12 months) are as follows:

	31/03/17 £'000	31/03/18 £'000
Short-term Debtors		
Central Government Bodies	9,129	7,403
Other Local Authorities	5,154	1,030
NHS Bodies	6,026	4,386
Public Corporations and Trading Funds	-	(2)
Other Entities and Individuals	34,693	43,136
Total Short-term Debtors	**55,002**	**55,953**

The amounts above are shown net of impairment for doubtful debts. For 2017/18 the impairment for doubtful debts totalled £11.143m of which £8.171m relates to Council Tax and Business Rates (2016/17: £11.976m with £9.009m relating to Council Tax and Business Rates).

27 Cash and Cash Equivalents

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

	31/03/17 £'000	31/03/18 £'000
Cash on hand and balances with banks	(1,034)	(5,314)
Short-term Deposits	44,235	20,775
Total Cash and Cash Equivalents	**43,201**	**15,461**
Cash Overdrawn	(27)	(117)
Net Cash and Cash Equivalents	**43,174**	**15,344**

28 Creditors

The Council’s creditors are as follows:

	31/03/17 £'000	31/03/18 £'000
Short-term Creditors		
Central Government Bodies	4,672	8,187
Other Local Authorities	3,771	3,203
NHS Bodies	705	403
Public Corporations and Trading Funds	36	60
Other Entities and Individuals	32,270	42,638
Total Short-term Creditors	**41,454**	**54,491**
Long-term Creditors		
Other Entities and Individuals	4,293	4,121
Total Creditors	**45,747**	**58,612**

29 Provisions

	Injury and Damage Compensation Claims £'000	Other Provisions £'000	Total £'000
Balance at 31 March 2016	**2,578**	**6,199**	**8,777**
Additional provisions made in year	(27)	893	866
Amounts used in year	-	-	-
Unused amounts reversed in year	-	(268)	(268)
Balance at 31 March 2017	**2,551**	**6,824**	**9,375**
Additional provisions made in year	-	1,664	1,664
Amounts used in year	-	(857)	(857)
Unused amounts reversed in year	-	-	-
Balance at 31 March 2018	**2,551**	**7,631**	**10,182**

	31/03/17 £'000	31/03/18 £'000
Short-term Provisions	6,740	7,547
Long-term Provisions	2,635	2,635
Total Provisions	**9,375**	**10,182**

The provision for Injury and Damage Compensation Claims was established to meet excessive insurance claims taken out with third party organisations and to self-insure and for certain areas of risk.

Other provisions relate to:

- Staff provisions for potential future payments for redundancy.
- MMI provision for future obligation to pay insurance payment clawback arising from Municipal Mutual Insurance (MMI) Scheme of Arrangement. This is a long term provision.
- NDR Appeals Provision - As from 1st April 2013 the Council has taken over the liability generated by any appeals against the valuation amount with regard to Business Rates. This provision is based on the Council's best estimate of that liability.

30 Private Finance Initiatives

The Council has two PFI Schemes, both of which were in the 10th year of a 30 year contract in 2015/16. The Anson Close and Blenheim Close scheme is for the construction, maintenance and tenancy management of 105 social houses and the John Morris House scheme is for the construction, maintenance and tenancy management of 38 self-contained flats for social housing. This scheme focused on providing supported housing for 16 to 25 year olds with short to medium term housing needs.

The Council has nomination rights over all the social dwelling on both schemes and at the end of the term, has the following options:

- Purchase the dwellings at their open market value at existing use for social housing purposes (both schemes)
- Retender the provision of the services (Anson Close and Blenheim Close)
- Do neither of the above and walk away (Anson Close and Blenheim Close)
- Return the dwellings to the Operator (John Morris House)

In return for these combined construction and operations contract, the Council will make quarterly unitary charge payments to the Operator. The payments may vary according to the quality/performance of the service and availability of dwellings, but in substance, it is not expected there would be any significant unavailability of the dwellings. This means that the Council is in substance committed to a fixed payment stream independent of the demand for the assets. The payments are not subject to any indexation. The Operator is also able to charge rents to the tenants. These are set in accordance with the Warrington Area Target Registered Providers rent.

Property, Plant and Equipment
The assets used to provide services at both schemes are recognised on the Council's Balance Sheet and movements in their value over the year are detailed in the analysis of the movement on the PPE balance in Note 21.

Payments
Payments remaining to be made under the PFI contract at 31 March 2018 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Anson & Blenheim Close

Total at 31/03/2017 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2018 £'000
303	Payable in 2018/19	42	57	208	307
1,218	Payable within 2 to 5 years	163	281	774	1,218
1,522	Payable within 6 to 10 years	210	512	801	1,523
1,522	Payable within 11 to 15 years	218	779	525	1,522
1,297	Payable within 16 to 20 years	128	732	129	989
-	Payable within 21 to 25 years	-	-	-	-
5,862		**761**	**2,361**	**2,437**	**5,559**

John Morris House

Total at 31/03/2017 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2018 £'000
188	Payable in 2018/19	35	53	99	187
750	Payable within 2 to 5 years	143	243	363	749
937	Payable within 6 to 10 years	183	386	368	937
937	Payable within 11 to 15 years	189	503	245	937
938	Payable within 16 to 20 years	189	569	85	843
130	Payable within 21 to 25 years	27	13	-	40
3,880		**766**	**1,767**	**1,160**	**3,693**

The payments made to the Operator have been calculated to compensate the Operator for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay to the Operator for capital expenditure incurred is as follows:

Anson & Blenheim Close

	2016/17 £'000	2017/18 £'000
Balance outstanding at start of year	(2,462)	(2,413)
Payments during the year	49	52
Balance outstanding at end of year	**(2,413)**	**(2,361)**

John Morris House

	2016/17 £'000	2017/18 £'000
Balance outstanding at start of year	(1,866)	(1,818)
Payments during the year	48	51
Balance outstanding at end of year	**(1,818)**	**(1,767)**

31 Leases

Council as Lessee

Finance Leases

The Council has acquired various land and buildings under finance leases. The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Council and 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 2017 £'000	31 March 2018 £'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	-	-
Non-current	690	690
Finance costs payable in future years	7,548	7,452
Minimum lease payments	**8,238**	**8,142**

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2017 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2018 £'000
Not later than one year	96	96	-	-
Later than one year and not later than five years	386	386	-	-
Later than five years	7,756	7,660	690	690
	8,238	**8,142**	**690**	**690**

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2017/18 £102,975 contingent rents were payable by the Council (2016/17 £102,975).

The Council has sub-let some of the retail accommodation held under these finance leases. The above disclosure shows the net result of the lessee and lessor finance leases in relation to this accommodation. The Council currently incurs a rental charge of £199k and receives rental income of £28k in relation to these properties.

The council also sub-let other property resulting in total sub-lease rental income of £338k (2016/17 £368k).

Operating Leases
The Council has acquired numerous vehicles, plant and equipment and land and buildings by entering into operating leases, with a range of typical lives. The future minimum lease payments due under non-cancellable leases in future years are:

	2016/17 £'000	2017/18 £'000
Leases rolling over regularly	634	1,900
Not later than one year	1,266	340
Later than one year and not later than five years	928	646
Later than five years	6,699	6,617
	9,527	**9,503**

The expenditure charged to each directorate line in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

2017/18	**Resources and Strategic Commissioning £'000**	**Families and Wellbeing: Children £'000**	**Economic Regeneration, Growth & Environment £'000**	**Families and Wellbeing: Adults £'000**	**Total £'000**
Minimum lease payments	3	278	1,878	17	**2,176**
Sublease payments receivable	-	-	(14)	-	**(14)**
	3	**278**	**1,864**	**17**	**2,162**

2016/17	**Resources and Strategic Commissioning £'000**	**Families and Wellbeing: Children £'000**	**Economic Regeneration, Growth & Environment £'000**	**Families and Wellbeing: Adults £'000**	**Total £'000**
Minimum lease payments	3	278	1,707	17	**2,005**
Sublease payments receivable	-	-	(14)	-	**(14)**
	3	**278**	**1,693**	**17**	**1,991**

Council as Lessor

Finance Leases
The Council has leased out land and buildings at various locations on finance leases with remaining terms of 5 to 191 years.

Included within these leases is a material lease relating to Golden Square Shopping Centre Development. As at 31 March 2018, the total outstanding receivable amount remaining on this lease was £30.614m repayable over a 187 year period. The Council has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term, and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2017 £'000	31 March 2018 £'000
Finance lease debtors (net present value of minimum lease payments):		
Current	5	-
Non-current	31,888	31,888
Unearned finance income	293,473	291,676
Gross investment in the lease	**325,366**	**323,564**

The unearned finance income relates to future income due from tenants over the term of the leases. The longest of these leases will be running for the next 191 years.

The gross investment in the lease and minimum lease payments will be received over the following periods:

	Gross investment in the lease		Minimum Lease Payments	
	31 March 2017 £'000	31 March 2018 £'000	31 March 2017 £'000	31 March 2018 £'000
Not later than one year	1,802	1,798	1,802	1,798
Later than one year and not later than five years	7,192	7,192	7,192	7,192
Later than five years	316,372	314,574	316,372	314,574
	325,366	**323,564**	**325,366**	**323,564**

As there is a possibility that worsening financial circumstances might result in lease payments not being made, the Council has set aside an allowance for uncollectable amounts as part of its sundry debtor impairment which includes rental income debtors raised by the Estates Department. The level of debtor impairment required is reviewed on an annual basis and is based on average actual collection rates.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2017/18 £59,875 contingent rents were receivable by the Council (2016/17 £59,875).

Operating Leases

The Council leases out land and buildings under operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are:

	2016/17 £'000	2017/18 £'000
Leases rolling over regularly	1,716	2,096
Not later than one year	3,594	1,636
Later than one year and not later than five years	10,771	4,403
Later than five years	67,525	60,954
	83,606	**69,089**

The minimum lease payments receivable include rents that were contingent on events taking place after the lease was entered into up until 31 March 2018, such as adjustments following rent reviews. The minimum lease payments do not include future contingent rents such as adjustments following rent reviews from 1 April 2017 onwards.

The authority leases out both land and property under operating leases. The value of these assets is included within Land & Buildings (Note 21) and Investment Properties (Note 23), and is presented below:

	31/03/17 NBV £'000	**31/03/18 NBV £'000**
Investment Property	11,445	22,351
Land & Buildings	80,685	75,876
	92,130	**98,227**

32 Pension Schemes

Defined Contribution Pension Schemes

Teachers Pensions Schemes Accounted for as Defined Contribution Schemes

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

The Scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2017/18, the Council paid £6,204,014 to Teachers' Pensions in respect of teachers' retirement benefits, representing 16.01% of pensionable pay. The figures for 2016/17 were £6,625,789 and 16.09%. A small number of schools used external payroll providers and provided appropriate breakdowns of the amounts paid, which are replicated on the Council's accounts.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teacher's scheme.

NHS Pensions Schemes Accounted for as Defined Contribution Schemes

Public Health professionals employed by the Council are members of the NHS Pension Scheme administered by the Department of Health. The Scheme provides lifestyle professionals with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department of Health uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2017/18, the Council paid £92,561 to NHS Pensions in respect of Public Health professionals' retirement benefits, representing 15.1% of pensionable pay (£88,863 and 14.7% in 2016/17). There were no contributions remaining payable at the year end.

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 accounted for at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Cheshire Pension Fund by Cheshire West and Chester Council. 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 pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised 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 required to be made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

	2016/17 £'000	2017/18 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
Service cost comprising		
Current service cost	(18,252)	(29,483)
Past service costs (including curtailments)	1,133	898
(Gains) and losses on settlements	333	1,207
Financing and Investment Income and Expenditure		
Net interest expense	4,035	4,871
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	**(12,751)**	**(22,507)**
Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	51,767	7,007
Actuarial gains and losses arising on the changes in demographic assumptions	554	-
Actuarial gains and losses arising on the changes in other experience	23,478	-
Actuarial gains and losses arising on changes in financial assumptions	(141,615)	17,121
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	**(78,567)**	**1,621**
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(5,157)	(9,009)
Actual amount charged against the General Fund balance for pensions in the year		
Employers' contribution payable to the scheme	(17,930)	(25,036)

Pension Assets and Liabilities Recognised in the Balance Sheet

	2016/17 £'000	2017/18 £'000
Present value of the defined benefit obligation	(859,921)	(875,116)
Fair value of plan assets	674,078	704,392
Sub-total	**(185,843)**	**(170,724)**

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £185.843m has a substantial impact on the net worth of the Council as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy:

- The deficit on the Local Government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary
- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid

The total contributions expected to be made to the Local Government Pension Scheme in the year to 31 March 2019 is £13,818k.

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

	2016/17 £'000	2017/18 £'000
Opening balance as at 1 April	**716,255**	**859,921**
Current service cost	18,252	29,483
Interest cost	25,064	22,437
Contributions by scheme participants	4,684	4,722
Remeasurement gains and (losses):		
Actuarial gains and losses arising on the changes in demographic assumptions	(554)	-
Actuarial gains and losses arising on changes in financial assumptions	141,615	(17,121)
Other	(23,478)	-
Past service costs (including curtailments)	1,133	898
Benefits paid	(21,967)	(21,411)
Liabilities extinguished on settlements	(1,083)	(3,813)
Closing balance as at 31 March	**859,921**	**875,116**

Reconciliation of fair value of the scheme (plan) assets:

	2016/17 £'000	2017/18 £'000
Opening fair value of scheme assets	**601,385**	**674,078**
Interest income	21,029	17,566
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	51,767	7,007
Contributions from employers	17,930	25,036
Contributions from employees into the scheme	4,684	4,722
Benefits paid	(21,967)	(21,411)
Other	(750)	(2,606)
Closing fair value of scheme assets	**674,078**	**704,392**

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. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Council Fund being based on the latest full valuation of the scheme as a 31 March 2016.

The principal assumptions used by the actuary have been:

	2016/17	2017/18
Long-term expected rate of return on assets in the scheme:		
Equity investments	2.6%	2.7%
Bonds	2.6%	2.7%
Property	2.6%	2.7%
Cash	2.6%	2.7%
Mortality assumptions		
Longevity at 65 for current pensioners:		
Men	22.3 years	22.3 years
Women	24.5 years	24.5 years
Longevity at 65 for future pensioners:		
Men	23.9 years	23.9 years
Women	26.5 years	26.5 years
Inflation/pension increase rate	2.4%	2.4%
Salary increase rate	2.7%	2.7%
Rate of increase in pensions	2.6%	2.7%
Rate for discounting scheme liabilities	2.6%	2.7%
Take-up option to convert annual pension into retirement lump sum:		
Service to April 2008	50.0%	50.0%
Service post April 2008	75.0%	75.0%

The Discretionary Benefit arrangements have no assets to cover its liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

Asset Category	Period Ended 31 March 2018 Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:				
Consumer	14,620	-	**14,620**	2%
Manufacturing	9,753	-	**9,753**	1%
Energy and Utilities	1,379	-	**1,379**	0%
Financial Institutions	12,898	-	**12,898**	2%
Health and Care	4,297	-	**4,297**	1%
Information Technology	49,772	-	**49,772**	7%
Other	2,545	-	**2,545**	0%
Debt Securities:				
Other	-	-	**-**	0%
Private Equity:				
All	-	22,493	**22,493**	3%
Real Estate:				
Uk Property	-	53,043	**53,043**	8%
Overseas Property	-	1,076	**1,076**	0%
Investment Funds and Unit Trusts:				
Equities	72,941	-	**72,941**	10%
Bonds	264,007	50,251	**314,258**	45%
Hedge Funds	-	89,343	**89,343**	13%
Other	-	31,091	**31,091**	4%
Cash and Cash Equivalents:				
All	-	24,884	**24,884**	4%
Totals	**432,212**	**272,181**	**704,393**	**100%**

Asset Category	Period Ended 31 March 2017 Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:				
Consumer	21,592	-	**21,592**	3%
Manufacturing	16,126	-	**16,126**	2%
Energy and Utilities	3,362	-	**3,362**	1%
Financial Institutions	18,537	-	**18,537**	3%
Health and Care	5,085	-	**5,085**	1%
Information Technology	58,756	-	**58,756**	9%
Other	2,596	-	**2,596**	1%
Debt Securities:				
Other	-	-	**-**	0%
Private Equity:				
All	-	29,695	**29,695**	4%
Real Estate:				
Uk Property	-	44,442	**44,442**	6%
Overseas Property	-	1,171	**1,171**	0%
Investment Funds and Unit Trusts:				
Equities	98,554	-	**98,554**	15%
Bonds	195,175	49,029	**244,204**	36%
Hedge Funds	-	82,226	**82,226**	12%
Other	-	31,943	**31,943**	5%
Cash and Cash Equivalents:				
All	-	15,790	**15,790**	2%
Totals	**419,783**	**254,296**	**674,079**	**100%**

33 Unusable Reserves

	31/03/2017 £000	31/03/2018 £000
Capital Adjustment Account	237,181	119,178
Revaluation Reserve	117,107	210,105
Financial Instruments Adjustment Account	(530)	(643)
Available-for-Sale Reserve	6,728	7,341
Pensions Reserve	(185,843)	(178,096)
Deferred Capital Receipts Reserve (England and Wales)	31,893	31,889
Collection Fund Adjustment Account	(2,034)	(4,330)
Accumulating Compensated Absences Adjustment Account	(4,720)	(4,476)
Total Unusable Reserves	**199,782**	**180,968**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to 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 also contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

	Note(s)	31/03/17 £'000	31/03/18 £'000
Balance as at 1 April		**238,285**	**237,181**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
Depreciation and impairment of non-current assets	21	(15,577)	(16,698)
Revaluation loss on PPE	21	(3,251)	(7,674)
Amortisation of intangible assets		(70)	(70)
Revenue expenditure funded from capital under statute	24	(5,110)	(5,214)
Carrying amount of non-current assets sold		(9,345)	(27,637)
		(33,353)	**(57,293)**
Adjusting amounts written out of the Revaluation Reserve		1,367	1,364
Net written out of the cost of non-current assets consumed in year		**(31,986)**	**(55,929)**
Capital financing applied in year:			
Restated Use of the Capital Receipts Reserve	9	2,456	2,915
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		12,223	14,219
Application of grants from the Capital Grants Unapplied Account	7	13,051	11,085
Statutory provision for the financing of capital investment		269	275
		27,999	**28,494**
Movements in the market value of Investment Properties	23	2,883	359
Balance as at 31 March		**237,181**	**210,105**

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

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its PPE. 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 consolidated into the balance on the Capital Adjustment Account.

	31/03/17 £'000	31/03/18 £'000
Balance as at 1 April	**120,552**	**117,107**
Upward revaluation of assets	439	10,072
Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	**439**	**10,072**
Disposal of non-current assets	(2,517)	(6,637)
Difference between fair value depreciation and hsitorical cost depreciation	(1,367)	(1,364)
Balance as at 31 March	**117,107**	**119,178**

Available-for-Sale Financial Instrument Reserve

The Available-for-Sale Financial Instruments Reserve contains the gains made by the Authority arising from the 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.

	31/03/17 £'000	31/03/18 £'000
Balance at 1 April	**6,932**	**6,728**
Surplus or deficit on revaluation of financial assets not posted to the Surplus on the Provision of Services	(204)	613
Balance as at 31 March	**6,728**	**7,341**

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.

	31/03/17 £'000	31/03/18 £'000
Balance as at 1 April	**31,941**	**31,893**
Restated Tfr to Capital Receipts Reserve	(48)	(4)
Balance as at 31 March	**31,893**	**31,889**

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.

	31/03/17 £'000	31/03/18 £'000
Balance as at 1 April	**(4,690)**	**(4,720)**
Settlement or cancellation of accrual made at the end of the preceding year	4,690	4,720
Amounts accrued at the end of the current year	(4,720)	(4,476)
Balance as at 31 March	**(4,720)**	**(4,476)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, 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 pay 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.

	31/03/17 £'000	31/03/18 £'000
Balance as at 1 April	**(114,870)**	**(185,843)**
Actuarial gains or losses on pensions assets and liabilities	(65,816)	24,128
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	(5,157)	(16,381)
Balance as at 31 March	**(185,843)**	**(178,096)**

34 Financial Instruments, Risk and Collateral

Categories of Financial Instruments

The Council's financial instruments include financial assets (cash and cash equivalents and loans and receivables) and financial liabilities (trade payables arising from day-to-day operations and borrowings). The main purposes of the Council's financial instruments are to raise finance to support the Council's day-to-day operations (by investing surplus cash balances where appropriate) and finance investment undertaken through the capital programme.

In accordance with IAS1 - Presentation of Financial Statements, the information in several of the disclosure tables have been presented in a different format to previous disclosures. This has been done to provide greater clarity and transparency for the reader. The changes in disclosures are purely for disclosure purposes only and do not restate the accounts.

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

	Long-term		Short-term	
	31/03/2017	31/03/2018	31/03/2017	31/03/2018
	£'000	£'000	£'000	£'000
Borrowings				
Financial liabilities (principal amount)	347,354	649,357	53,516	71,677
+ Accrued interest	-	-	2,243	3,676
+/- Other accounting adjustments	781	811	-	-
Financial liabilities at amortised cost (Note 1)	**348,135**	**650,168**	**55,759**	**75,353**
Financial liabilities at fair value through profit or loss (Note 2)	-	-	-	-
PFI and finance lease liabilites	4,129	4,018	102	110
Financial guarantees (Note 3)	-	-	-	-
Soft loans (Note 4)	-	-	-	-
Total Borrowings	**352,264**	**654,186**	**55,861**	**75,463**
Creditors				
PFI finance liabilites at amortised cost	4,293	4,121	-	-
Financial liabilites carried at contract cost	-	-	26,755	36,496
Total Creditors	**4,293**	**4,121**	**26,755**	**36,496**
Total Liabilities	**356,557**	**658,307**	**82,616**	**111,959**

	Long-term		Short-term	
	31/03/2017	31/03/2018	31/03/2017	31/03/2018
	£'000	£'000	£'000	£'000
Investments				
Loans and Receivables (principal amount)	27,749	38,889	4,500	23,500
+ Accrued Interest	-	-	1,545	1,908
+/- Accounting adjustments	-	-	-	-
Cash & Cash Equivalents	-	-	43,159	15,344
Loans and Receivables at amortised cost (Note 1)	**27,749**	**38,889**	**49,204**	**40,752**
Available-for-sale financial assets	19,231	240,010	-	-
Financial Assets at fair value through profit or loss (Note 2)	-	-	-	-
Unquoted equity investment at cost*	-	-	-	-
Total Investments	**46,980**	**278,899**	**49,204**	**40,752**
Debtors				
Loans and receivables	93,591	134,066	34,506	34,616
Total Debtors	**93,591**	**134,066**	**34,506**	**34,616**
Soft loans provided (Note 4)	-	-	-	-
Total Assets	**140,571**	**412,965**	**83,710**	**75,368**

* Please note that the unquoted equity investments have been re-classified as available for sale financial assets.

Note 1 - Under accounting requirements the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note 2 - Fair value has been measured by:

- Direct reference to published price quotations in an active market; and
- Estimating using a valuation technique.

Note 3 - Local authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due in accordance with the terms of the contract. The Council has been involved with the Local Authority Mortgage Scheme with Lloyds Bank and Leeds Building Society but has not been requested to provide a financial guarantee.

Employee Car Loans

The Council previously made loans for car purchase to employees who were in posts that required them to drive regularly on the authority's business. No interest was charged on the loans. The final repayment of the car loans was made in the financial year 2014/15.

Reclassifications

In 2017/18 the Council has not made any reclassifications.

Income, Expense, 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.

	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Available for Sale Assets £'000	2016/17 £000	Liabilities measured at amortised cost £'000	Loans and receivables £'000	Available for Sale Assets £'000	2017/18 £000
Interest expense	(8,066)	-	-	**(8,066)**	(11,549)	-	-	**(11,549)**
Impairment losses	-	(2,967)	-	**(2,967)**	-	(2,972)	-	**(2,972)**
Total expense in Surplus or Deficit on the Provision of Services	**(8,066)**	**(2,967)**	**-**	**(11,033)**	**(11,549)**	**(2,972)**	**-**	**(14,521)**
Interest income	-	7,522	-	**7,522**	-	8,970	-	**8,970**
Total income in Surplus or Deficit on the Provision of Services	**-**	**7,522**	**-**	**7,522**	**-**	**8,970**	**-**	**8,970**
Gains on revaluation	-	-	-	**-**	-	-	613	**613**
Losses on revaluation	-	-	(205)	**(205)**	-	-	-	**-**
Surplus or loss arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**-**	**-**	**(205)**	**(205)**	**-**	**-**	**613**	**613**
Net gain/(loss) for the year	**(8,066)**	**4,555**	**(205)**	**(3,716)**	**(11,549)**	**5,998**	**613**	**(4,938)**

Fair Values of Assets

Some of the authority's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them. Fair Value (as defined in 2017/18 Code) 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."

Financial assets measured at fair value			Long-term		Short-term	
Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31/03/2017 £'000	31/03/2018 £'000	31/03/2017 £'000	31/03/2018 £'000
Total Loans and Receivables			**-**	**-**	**-**	**-**
Available for Sale						
Churches, Charities and Local Authority (CCLA) Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	12,903	13,515	-	-
Warrington Borough Transport	Level 3	Unobservable inputs for the asset or liability	888	888	-	-
Joint Venture	Level 3	Unobservable inputs for the asset or liability	3,790	3,790	-	-
Warrington Sports Holdings Ltd (WHSL)	Level 2	% Equity held of Net Worth	1,650	1,650	-	-
Redwood Bank	Level 3	Unobservable inputs for the asset or liability	-	10,314	-	-
Birchwood Park	Level 3	Unobservable inputs for the asset or liability	-	209,853	-	-
Total Available for Sale			**19,231**	**240,010**	**-**	**-**
Total Unquoted Equity Investment at Cost			**-**	**-**	**-**	**-**

The fair value of the assets has been accounted for as the valuation of the Council's portfolio of investments.

Available for Sale Assets Measured at Cost (where fair value cannot be reliably measured)

The Council has an investment of 22,222 shares valued at approximately £1,374,400 which represents a 12.81% shareholding in Warrington Sports Holding Ltd (WSHL). It has been determined that the Council does not have control of the company and it is not a subsidiary of the Council.

As the fair value of the shares cannot be easily determined (due to the shares having no quoted market price in an active market) the fair value of the investment has been taken from the net asset value of WSHL (£10.729m). The Council's share value has been estimated at 12.81% of £10.729m totalling £1.374m (details from WHSL accounts dated November 2015 filed, which were filed June 2016).

The Council also has investments in the following companies:

- Warrington Borough Transport representing £888,000
- Wire Regeneration Joint Venture representing £3,703,870 and
- Municipal Bond Agency (previously named Local Capital Finance Company Limited representing £200,000
- Redwood Bank representing £10,314,235. The Council set up the bank in April and wanted to:
    - lend to SMEs and drive economic development, thus meeting the objectives originally set out by the Supporting the Local Economy Policy Committee in 2013
    - to generate a financial surplus that can be invested in Council services
    - contribute to the growth of the "Northern Powerhouse".

Fair Values of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- Estimated ranges of rates at 31 March 2018 of 1.47% to 2.30% for loans from the PWLB and 2.34% and 2.72% for other loans receivable and payable, based on new lending rates for equivalent loans at that date (information taken from Link Treasury Solutions Portfolio Valuation)
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

Fair Value Hierarchy

All financial assets and liabilities have been categorised in line with the fair value hierarchy as described in paragraph 2.10.2.29 of the Code, which categorises the inputs to valuation techniques used to measure fair value into three levels as follows:

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

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

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on 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, suing the following assumptions:

- For loans from the PWLB payable, 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 it is appropriate to disclose the exit price. As an alternative, the loans have been assessed at the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which could be viewed as a proxy for transfer value);
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures. The PWLB redemption rates provide a reasonable proxy for rates. It is appreciated that there are a wide range of market loans, including previously stepped LOBOs, vanilla LOBOs and term loans;
- In the absence of any tangible market evidence, the rates used for new borrowing is based targeted lending at lower than PWLB rates, a fair value rate of 70 basis points over the underlying gilts;

- For loans receivable prevailing benchmark market 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.

Valuation for Financial Instruments

As at 31st March the Council held £319.741m financial assets and £729.649m financial liabilities for which Level 3 valuations will apply. All the financial assets are classed as Loans and Receivables and held with Money Market Funds, Notice Accounts and bonds. The financial liabilities are held with PWLB (Level 2) and Market lenders. For the investments and borrowings 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 by Link Treasury Solutions. This valuation applies the Net Present Value approach to give an estimate of the value of payments in the future in today's terms as at the balance sheet date. This is a widely accepted valuation technique commonly used by the private sector. The accounting policy uses new borrowing rates to discount the future cash flows.

The following gives and analysis of liabilities by type of debt and the fair values:

		Long-term				Short-term				Total Liabilities	
		31/03/2017		31/03/2018		31/03/2017		31/03/2018		31/03/2018	
Financial Liabilities	**Fair Value Heirarchy**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
Public Works Loan Board	3	173,850	183,127	460,853	472,992	1,326	1,326	2,487	2,487	463,340	475,479
Money Market Loans (Lender Option Borrower Option)	3	68,500	106,792	68,500	103,987	-	-	-	-	68,500	103,987
Money Market Loans	3	40,000	63,335	43,000	65,488	-	-	-	-	43,000	65,488
Money Market Loans (City Bond)	1	50,000	58,589	50,000	59,951	-	-	-	-	50,000	59,951
Money Market Loans Local Authority	3	15,000	15,380	27,000	26,817	20,000	20,117	10,000	10,110	37,000	36,927
Money Market Loans Mortgages	3	4	4	4	4	-	-	-	-	4	4
Money Market Loans Adjustment	3	781	781	811	811	-	-	-	-	811	811
Other Temporary Loans Local Authority	3	-	-	-	-	32,000	31,984	59,000	59,165	59,000	59,165
Other Temporary Loans Charities & Parish Council	3	-	-	-	-	190	190	190	190	190	190
Accrued Interest	3	-	-	-	-	2,243	2,243	3,676	3,676	3,676	3,676
Total Financial Liabilities		**348,135**	**428,008**	**650,168**	**730,050**	**55,759**	**55,860**	**75,353**	**75,628**	**725,521**	**805,678**
Salix	3	-	-	-	-	-	-	-	-	-	-
Private Finance Initiative	3	4,129	4,129	4,018	4,018	102	102	110	110	4,128	4,128
Total Borrowings		**352,264**	**432,137**	**654,186**	**734,068**	**55,861**	**55,962**	**75,463**	**75,738**	**729,649**	**809,806**
Private Finance Initiative Creditors	3	4,293	4,293	3,247	3,247	-	-	-	-	3,247	3,247
Creditors	3	-	-	874	874	26,755	26,755	36,496	36,496	37,370	37,370
Total Liabilities		**356,557**	**436,430**	**658,307**	**738,189**	**82,616**	**82,717**	**111,959**	**112,234**	**770,266**	**850,423**
Total Liabilities 2016/17		**356,557**	**436,430**			**82,616**	**82,717**			**439,173**	**519,147**
Total Liabilities 2017/18				**658,307**	**738,189**			**111,959**	**112,234**	**770,266**	**850,423**

The fair value of the liabilities is higher than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2018) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £475.478m 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 the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the premature repayment rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £463.340m would be valued at £475.478m. But, if the authority were to seek to avoid the project loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid. The exit price for the PWLB loans including the penalty charge would be £10.192m

The following gives and analysis of assets by type and the fair values:

		Long-term				Short-term				Total Liabilities	
		31/03/2017		31/03/2018		31/03/2017		31/03/2018		31/03/2018	
Financial Assets	**Fair Value Heirarchy**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
Solar Bond Rockfire	3	27,000	27,000	28,000	28,000	4,500	4,500	23,500	23,500	51,500	51,500
UK Municipal Bond Agency PLC	3	200	200	200	200	-	-	-	-	200	200
LiveWire Energy Limited	3	549	549	549	549	-	-	-	-	549	549
JFC Bond	3	-	-	10,140	10,140	-	-	-	-	10,140	10,140
Loans & Receivables		**27,749**	**27,749**	**38,889**	**38,889**	**4,500**	**4,500**	**23,500**	**23,500**	**62,389**	**62,389**
Churches, Charities and Local Authority	3	12,903	12,903	13,515	13,515	-	-	-	-	13,515	13,515
Wire Regeneration (Joint Venture)	3	3,790	3,790	3,790	3,790	-	-	-	-	3,790	3,790
Warrington Sports Holdings Ltd (WSHL)	3	1,650	1,650	1,650	1,650	-	-	-	-	1,650	1,650
Warrington Borough Transport	3	888	888	888	888	-	-	-	-	888	888
Redwood Bank	3	-	-	10,314	10,314	-	-	-	-	10,314	10,314
Birchwood Park	3	-	-	209,853	209,853	-	-	-	-	209,853	209,853
Available for Sale		**19,231**	**19,231**	**240,010**	**240,010**	**-**	**-**	**-**	**-**	**240,010**	**240,010**
Accrued Interest	3	-	-	-	-	1,545	1,545	1,908	1,908	1,908	1,908
Total Investments		**46,980**	**46,980**	**278,899**	**278,899**	**6,045**	**6,045**	**25,408**	**25,408**	**304,307**	**304,307**
Cash Held by Authority	3	-	-	-	-	116	116	132	132	132	132
Bank Current Accounts	3	-	-	-	-	(1,165)	(1,165)	(5,445)	(5,445)	(5,445)	(5,445)
Short Term Deposits	3	-	-	-	-	44,235	44,235	20,775	20,775	20,775	20,775
Bank Current Accounts (Overdraft)	3	-	-	-	-	(27)	(27)	(117)	(117)	(117)	(117)
Total Financial Assets		**46,980**	**46,980**	**278,899**	**278,899**	**49,204**	**49,204**	**40,753**	**40,753**	**319,652**	**319,652**
Debtors	3	93,591	115,227	134,066	164,505	34,506	34,506	34,616	34,616	168,682	199,121
Total Assets		**140,571**	**162,207**	**412,965**	**443,404**	**83,710**	**83,710**	**75,369**	**75,369**	**488,334**	**518,773**
Total Assets 2016/17		**140,571**	**162,207**	**-**	**-**	**83,710**	**83,710**	**-**	**-**	**224,281**	**245,917**
Total Assets 2017/18		**-**	**-**	**412,965**	**443,404**	**-**	**-**	**75,369**	**75,369**	**488,334**	**518,773**

* Please note that the unquoted equity investments have been re-classified as available for sale financial assets.

The fair value of the assets is greater than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2018) arising from a commitment to receive interest from lenders above current market rates.

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

For information on the collateral held by the Council please see below.

Loan Portfolio

The Council at 31st March 2018 had £502m of loan facilities in place (£302m with ten Registered Providers, £12.9m with One Warrington Limited and £650m with Warrington BC Group) and £187m is pending with six Registered Providers). At 31 March 2018 £112m of these loan facilities had been drawn down and are recorded in the accounts as long term debtors.

Stringent Corporate Governance arrangements are in place around these loans. All loans are agreed by the Executive Board following an independent due diligence exercise. The Audit and Corporate Governance Committee and Treasury Management Board meet on a quarterly basis to review the loans. A senior officer project group meet on a monthly basis to oversee the loan portfolio the loans are also monitored on a daily basis as part of the contract monitoring procedures that are in place.

			Long-term				Short-term			
			31/03/2017		31/03/2018		31/03/2017		31/03/2018	
	Facility	Drawn down	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long Term Debtor	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Registered Providers										
Warrington Housing Association	10,000	1,000	820	1,161	791	1,103	28	28	30	30
Warrington Housing Association	-	3,000	2,573	3,408	2,487	3,268	82	82	86	86
Golden Gates Housing Trust	1,819	1,819	1,563	2,189	1,512	2,096	48	48	51	51
Muir Housing Group	30,000	2,000	1,830	2,722	1,782	2,635	46	46	48	48
Muir Housing Group	-	1,000	936	1,249	911	1,212	24	24	25	25
Muir Housing Group		4,000	3,809	4,873	3,707	4,737	98	98	102	102
Muir Housing Group		2,000	1,912	2,302	1,859	2,238	51	51	53	53
Muir Housing Group		3,500	3,337	3,758	3,240	3,656	94	94	97	97
Your Housing Group (Arena)	10,000	3,000	2,773	3,763	2,696	3,646	74	74	77	77
Equity Housing Group	20,000	10,000	9,560	11,526	9,296	11,211	255	255	264	264
Helena Housing Group	90,000	15,000	13,836	19,604	13,465	18,985	353	353	371	371
Wulvern Housing Group	60,000	10,000	10,000	14,584	10,000	14,495	-	-	-	-
Wirral Mehodist Housing Association	9,000	500	475	583	455	558	20	20	20	20
Wirral Mehodist Housing Association	-	500	-	-	470	570	-	-	20	20
Wirral Mehodist Housing Association	-	2,000	-	-	1,920	2,376	-	-	80	80
Peaks & Plains Housing Trust	25,000	4,000	-	-	4,000	5,101	-	-	-	-
One Housing Group Ltd	100,000	10,000	-	-	10,000	12,760	-	-	-	-
One Housing Group Ltd	-	25,000	-	-	23,980	29,693	-	-	1,020	1,020
Total Registered Providers	**355,819**	**98,319**	**53,424**	**71,722**	**92,571**	**120,340**	**1,173**	**1,173**	**2,344**	**2,344**
Commercial Loans										
Warrington Borough Transport	250	250	-	-	-	-	25	26	-	-
Warrington Borough Transport	400	400	-	-	-	-	40	43	-	-
Omega Warrington limited £7.5m	7,500	7,500	3,025	3,941	3,258	3,978	-	-	-	-
Omega Warrington limited £5.4m	5,400	1,628	3,254	4,435	4,656	5,953	-	-	-	-
LiveWire	301	301	-	-	-	-	-	-	-	-
Total Commercial Loans	**13,851**	**10,079**	**6,279**	**8,376**	**7,914**	**9,931**	**65**	**69**	**-**	**-**
Pending										
Helena Housing Group	7,000	-	-	-	-	-	-	-	-	-
Torus Ltd	70,000	-	-	-	-	-	-	-	-	-
Mosscare St Vincents Housing	25,000	-	-	-	-	-	-	-	-	-
Arawak Walton Housing Association	5,000	-	-	-	-	-	-	-	-	-
Places for People	50,000	-	-	-	-	-	-	-	-	-
Prestwich & North Western	-	-	-	-	-	-	-	-	-	-
Johnnie Johnson	30,000	-	-	-	-	-	-	-	-	-
Total Pending Facilities	**187,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Loan Portfolio	**556,670**	**108,398**	**59,703**	**80,098**	**100,485**	**130,271**	**1,238**	**1,242**	**2,344**	**2,344**
PFI	-	-	31,888	31,888	31,888	31,888	5	5	-	-
LAMS	-	-	2,000	2,000	-	-	1,500	1,500	2,000	2,000
Trade Debtors	-	-	-	-	-	-	12,364	12,364	11,998	11,998
Other Debtors	-	-	-	-	-	-	19,399	19,399	18,273	18,273
Total Long Term Debtors	**556,670**	**108,398**	**93,591**	**113,986**	**132,373**	**162,159**	**34,506**	**34,510**	**34,615**	**34,615**

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
- Re-financing Risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in measures such as interest rates and stock market movements

Overall procedures for managing risk

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services. It maintains and operates a Treasury Management Policy comprising an overview of the principles and practices to which the activity will comply. Alongside this Policy, the Department for Communities and Local Government has issued guidance under section 15(1) (1) of the Local Government Act 2003, to which local authorities must have regard. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- By approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

Annually the Council approves a Treasury Management Strategy for the forthcoming year. A Yearly outturn report is also reported to Full Council. The Council's Audit and Corporate Governance Committee is also charged with the Governance of treasury management and receive quarterly update reports on its activities. The Council also has a Treasury Management Board consisting of several members of the Audit and Corporate Governance Committee who meet on a regular basis to discuss key elements of the Council's Treasury Management Strategy.

The key issues within the strategy were:

- the Authorised Limit for 2017/18 was set at £1207.334m. This is the maximum limit of external borrowings or other long term liabilities
- the Operational Boundary was set at £1129.556m. This is the expected level of debt and other long term liabilities during the year.
- the maximum amounts of fixed and variable interest rate exposure were set at 100% and 40%
- the use of investments to fund the capital programme, thus reducing borrowing costs.

The Council operated within its 2017/18 Treasury Management Strategy during 2017/18 and a full 2017/18 Treasury Management Outturn Report will be reported to full Council in May 2018.

All Treasury Management Policies and strategies are implemented by the Council’s Treasury Management Team. The Council maintains written principles for overall operation of Treasury Management (Treasury Management Practices Statement TMPS) which are annually reported to the Audit and Corporate Governance Committee.

The Council also employ a Treasury Management Advisor (Link Treasury Solutions), who advise on risk mitigation strategies and keep the Council up to date daily on treasury market developments.

Credit Risk

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

The 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, as laid down by Fitch, Moody's and Standard and Poor's Rating Services. The Annual Investment Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The Annual Investment Strategy is contained within the Council's approved Treasury Management Strategy.

The Council uses the creditworthiness services provided by our Treasury Management Consultants (Link). This service uses a sophisticated modelling approach with credit ratings from all three rating 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
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2017/18 was approved by Full Council February 2017. The Audit and Corporate Governance Committee receives quarterly reports to monitor borrowing and investments.

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 and parameters set by the Council.

The Council had a total of £323.174m deposited with a number of banks and financial institutions at 31 March 2018, the full amount is potentially exposed to credit risk, there is a specific risk attached to amounts deposited with the individual institutions based on their ability to make interest payments and repay the principal outstanding, it is however more difficult to assess the risk in general terms. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2018 that this was likely to crystallise.

The following analysis summarises the Council's potential maximum exposure to credit risk on its financial assets, based on experience of default and collectability over the last few financial years:

Counterparties	Capita Credit Rating	Counterparty Type/Rating	Amount at 31 March 2017 £'000	Amount at 31 March 2018 £'000
Deposits with Banks and Financial Institutions				
Santander	Red	A/A1	10,000	10,750
Bank of Scotland	Red	A/A1	-	-
National Westminster	Blue	A-/A2	1,425	10,000
Handelsbanken	Orange	AA-/A1+	-	-
Federated Prime Rate MMF	Yellow	AAA	10,000	-
Legal and General MMF	Yellow	AAA	2,785	-
Standard Life (Ignis) MMF	Yellow	AAA	20,000	-
CCLA Money Market Fund	Yellow	AAA	25	25
Rockfire Capital Solar Bond	no credit rating	n/a	31,500	51,500
Municipal Bond Agency	no credit rating	n/a	200	200
Sainsbury Bank	no credit rating	n/a	-	
CCLA Property Fund	Blue	AAA	12,903	13,515
Joint Venture	no credit rating	n/a	3,790	3,790
Warr Sports Holding Ltd	no credit rating	n/a	1,650	1,650
Redwood Bank	no credit rating	n/a	-	10,314
Birchwood Park	no credit rating	n/a	-	209,853
Warrington Borough Trust	no credit rating	n/a	888	888
Total Banks and Financial Institutions			**95,166**	**312,485**
Debtors				
Short Term				
Trade Debtors			12,364	11,988
Other Debtors			22,142	18,273
PFI Finance Lease			5	-
LAMS			1,500	2,000
Long Term				
PFI Finance Lease			31,888	31,888
Registered Providers			59,703	100,483
Mortgage Scheme Debtors			2,000	-
Total Debtors			**129,602**	**164,632**
Total			**224,768**	**477,117**

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

The Council does not generally allow any credit for customers but some of the current balance is past its due date for payment. The past due but not impaired amount can be analysed by age as follows:

Short Term Debtor Age Analysis	31/03/2017 £'000	31/03/2018 £'000
Less than three months	5,934	5,154
Three to six months	999	893
Six months to one year	1,000	1,176
More than one year	4,431	4,775
	12,364	**11,998**

The Council, during 2015/16, obtained a credit rating from Moody's, one of the World's leading credit rating agencies. This rating is subject to annual assessment by Moody's (Credit Rating Agency) who awarded the Council a rating of A1 (rated as upper medium grade quality subject to low credit risk) for 2017/18. This is the fifth highest rating possible and on par with Czech Republic and China.

The A1 issuer and debt ratings assigned to Warrington Borough Council reflects: 1) a track record of increasing own source revenues, reducing dependence on declining central government grants; 2) a strong regulatory framework, which allows central government to effectively monitor financial performance; 3) expected increase in debt levels resulting from WBC's movement into two areas outside of the traditional local government service - economic development programme and a programme of lending money to housing associations; 4) a high exposure to changes in interest rates in the debt portfolio; and 5) a diversified local economy. The A1 rating also reflects Moody's assessment of support from the UK government and the high likelihood it would intervene in the event that WBC was to face acute liquidity stress.

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 Practices. 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 significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Financial Assets	31/03/2017 £'000	31/03/2018 £'000
Less than three months	49,204	40,752
Three to six months	-	-
Six months to one year	-	-
More than one year	46,980	278,899
	96,184	**319,651**

Refinancing and Maturity Risk

The Council maintains a significant 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 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 placed 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 team 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 investment 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 analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

Financial Liabilities Age Analysis	Approved Minimum Limit	Approved Maximum Limit	31/03/2017 £'000	31/03/2017 % Portfolio	31/03/2018 £'000	31/03/2018 % Portfolio
Less than 1 year	0%	25%	53,516	13%	71,677	10%
Between 1 and 2 years	0%	25%	10,000	2%	7,528	1%
Between 2 and 5 years	0%	35%	15,000	4%	50,464	7%
Between 5 and 10 years	0%	30%	45,278	11%	78,795	11%
Between 10 and 20 years	40%	100%	47,006	12%	122,301	17%
Between 20 and 30 years	40%	100%	90,789	23%	63,987	9%
Between 30 and 40 years	40%	100%	50,790	13%	100,790	14%
Between 40 and 50 years	40%	100%	50,000	12%	187,000	26%
More than 50 years	40%	100%	38,500	10%	38,500	5%
			400,879	**100%**	**721,042**	**100%**

Note (i): Group of loans 10 years and above would be 40% to 100% of portfolio
Note (ii): £68.5m LOBO could be called within six months (and so could be included in < 1 year), detailed above as full maturity of loan
Note (iii): Not included in above portfolio (Total Fin Liabilities £725.521 (made up of £650.168 + £75.353) - £721.042 = £4.479) : £3.676m interest accrual, £0.811m stepped loan adjustment, £0.003m Mortgages and (£0.012m) bonds not included in the maturity profile of the loans.

Lender Option Borrow Option Loans (LOBO's)
A Lenders Option Borrowers Option (LOBO) loan has certain additional characteristic above and beyond an ordinary loan. With these loans, after an initial period at a fixed rate, the lender has an option to change the rate of the loan; if this is unacceptable to the borrower they have the option to repay the loan without penalty. These loans could potentially be called by the lender within the next six month period but they are unlikely to do so due to the current low interest rate environment. The money market loans consist of £68.5m of LOBO loans. The LOBO portfolio carries an average rate of interest of 4.4%.

- The council's exposure to this risk has been mitigated by a number of actions:
- The Council has spread the risk by having eight LOBO's with four different lenders over a number of years.
- The Council's portfolio of LOBO's is structured so that the call dates (the date a lender can exercise their option to review rates) are staggered with the next call date on each LOBO falling at different times and at different frequencies.

Therefore, the Council is not exposed to all Lenders wanting to exercise their option at a similar time or to short term fluctuations in the financial markets.

- The Council has investments of a significant element of which is very short term and could be called upon to provide significant funding very quickly if it did need to repay a LOBO.
- The Council also has access to the PWLB to take out new borrowing to refinance the repayment of any LOBO's if unacceptable rate increases were being requested.
- The Council has worked hard to obtain its Aa2 credit rating that will also allow it to have access to the best rates available in the wider market if it did need to refinance any LOBO.
- Therefore, given all these factors it is unlikely the Council would need to renew a LOBO if the terms were unfavourable. The loans are monitored and reported to the Audit and Corporate Governance Committee on a quarterly basis.

The Council is currently benefitting from slightly lower interest rates on its standard LOBO's than what was available from PWLB at the time the LOBO was taken out and has mitigated the risk if any lender exercises an option to increase rates to an unacceptable level.

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

Market Risk
The Council is exposed to market risk in terms of the value that an instrument will fluctuate due to changes in market factors. These factors will have an impact on the overall performance on the financial markets and can be reduced by diversification into assets that are not correlated with the market. There are several different risk factors that make up market risk, such as currency risk, equity risk, inflation risk, commodity risk and interest rate risk.

Interest Rate Risk
The Council is exposed to risk in terms of interest rate movements in 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 liabilities borrowings will fall
- 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

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or 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 a 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 aims to keep a maximum of 40% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rates loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of Government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

If interest rates had been 1% higher throughout the year, based on the transactions undertaken in year and all other variables constant, the Surplus or Deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement would have cost £1.373m, comprising of £0.146m additional interest income on investments and £1.227m extra interest payments on borrowing costs.

The decrease in fair value of fixed rate borrowing liabilities (no impact on Comprehensive Income and Expenditure Statement) would have been £114.540m. A 1% fall in interest rates would result in movements being reversed.

Price Risk
The Council has invested in equity shareholding and has £11.402m investment in three companies (i.e. Warrington Borough Transport, Local Capital Finance Company Ltd (Municipal Bond Agency) and this year Redwood Bank), as unquoted long term investment. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the price of the shares.

Also £228,808m has been invested in Available for Sale Financial Assets (i.e. Churches, Charities and Local Authority, Joint Venture with Wire Regeneration, Warrington Sports Holding Limited and Birchwood Business Park which was purchased in this financial year). Consequently the Council is exposed to losses arising from movements in share prices or valuation. The shares are all classified as Available-for-Sale, meaning that all movements in price will impact on gains and losses recognised in the Available for Sale Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £11.440m gain or loss being recognised in the Available for Sale Reserve.

In August 2015 the Council borrowed £150m via a city of London Bond offer, of which £50m was drawn down in August 2015 with the option to draw down the remaining £100m being at the Council's future discretion. The bond was taken out to fund the capital programme. The bond is over a 40 year period and is amortised from year 30. The bond is Consumer Price Index (CPI) linked with a coupon of 0.846% and a maximum CPI collar of 3% meaning the maximum interest rate that can ever be paid on the bond is 3.846%.

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.

Collateral
The Council has not pledged any financial assets as collateral for liabilities or contingent liabilities in 2017/18 as this is not permitted under Section 13 of the Local Government Act 2003.

Collateral held
Where the Council is permitted to sell or re-pledge collateral in the absence of default by the owner of the collateral, the Code requires its fair value to be disclosed. At 31 March 2018 this was £151.490m. This is broken down further into the following two sections: Deferred Care Charges and Loans to Registered Providers. The figures exclude collateral held for council tax and non-domestic rates as permitted by the Code. Collateral held for Right to Buy Discounts is also excluded because the amount receiveable is determined by the selling price of properties.

Deferred Care Charges
These are charges against private properties for receiving adult social care packages. The Council initially meets the cost of the care package and the costs are then met by the eventual sale of the client's property. The value for 2017/18 is £3.896m (£3.743m 2016/17).

Loans to Registered Providers (RP's)
The Council has given loans to RP's to promote housing development in the Borough. Collateral is held against the organisations properties to the value of the loan plus 10%. The total loans for 2017/18 were £92.569m with the value of collateral of £147.594m (for 2016/17 the total loans were £54.597m and the value of collateral was £134.725m).

35 Contingent Assets and Liabilities

Contingent Liabilities

A Contingent Liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2018.

- The Council has made a provision for NNDR Appeals based upon its best estimates of the actual liability as at the year-end in respect of known appeals. It is not possible to quantify appeals that have not yet been lodged with the Valuation Office, so there is a risk to the Council that national and local appeals may have a future impact on the accounts.

- A number of Property Research Companies are seeking to claim refunds of fees paid to local authorities to access land charges data. This litigation has been largely settled though costs are still being quantified.

- The Council have legal proceedings (in licensing in childcare in criminal prosecution) where costs could be awarded against the Council.

- A number of agreements in accordance with Section 106 of the Town and Country Planning Act 1990 exist between the Council and developers, associated with the planning conditions attached to new developments. In respect of contributions received to date, should the conditions in the agreement not be met by the Council, then amounts would become repayable to developers.

- The Municipal Insurance Scheme of Arrangement was enacted in 2012/13. The liability upon the Council, as a scheme creditor, cannot be fully estimated at this stage in respect of unknown claims incurred, but not reported, between 1974 and 1992. Whilst the council has considered the financial impact in producing its Statement of Final Accounts, there is a risk that the Council's financial liability could increase from this level.

- The Council submits grant claims on an on-going basis. From time to time the interpretation of legislation may be a matter of professional and technical judgement. In this context it may lead to possible grant qualifications by the external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

- On 19 March 2014, the Supreme Court handed down its judgment in the case of "P v Cheshire West and Chester Council and another" and "P and Q v Surrey County Council". This judgement held that a deprivation of liberty can occur in domestic settings where the State is responsible for imposing such arrangements. Anything that the courts regard as a deprivation of liberty that has occurred, without authorisation pursuant to legal process, will attract common law damages. At this stage it is unclear whether there are any such cases to be brought within Warrington.

- The Council have invested £200k in the Local Government Municipal Bonds Agency. If in the future the Council takes out borrowing via a bond from the agency it will need to sign a Joint and Several Guarantee. This will make the Council liable if another bond holder defaults on their repayment. The agreement ensures that the call on a council is proportional to its share of local authorities' borrowing via the Agency.

- The Council has entered into a number of long-term contracts for services that have been outsourced to service providers. These often involve the transfer of Council employees to the new service provider. Employee's rights are protected under the provision in Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE). However, pension rights are not fully covered within TUPE regulations. The Council have thus given pension guarantees to the following organisations, Livewire, Culture Warrington, Catalyst, Lafarge and Your Housing Group. This guarantee means that if an admitted body fails to pay its pension obligations then the Council will be responsible for taking on those obligations.

- In July 2017 the Government suspended the minimum wage enforcement for sleep-in shifts in the social care sector, until it had made a decision on how the back pay would be met and minimise the impact on the social care sector. At this stage it is unclear as to how this back pay will be funded.

Contingent Assets

A contingent asset is an asset that may be received but only if a certain future event occurs. The Council has identified the following contingent assets as at 31 March 2018.

- Following the transfer of its Housing Stock to Golden Gates Housing Trust the Council entered into an agreement to reclaim the VAT on Improvement Works to dwellings. The estimated value of these works is £276m over the next 25 years and so it is expected that £55m of VAT would be recoverable. The agreement put in place, means that WBC would expect to receive up to £28m. The Council received £0.265m of such receipts in 2017/18.

- The Council has entered into an agreement with Golden Gates Housing Trust relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants until November 2040. The Council will receive capital receipts at the end of each financial year for any dwellings sold within the year. The only exclusion to this agreement is former Commission for New Town dwellings where the sale proceeds must be passed onto the Homes and Community Agency. The Council will receive 100% of the receipt generated net of administrative costs and the net income foregone that is detailed in Schedule 13 of the Transfer Agreement. The Council received £1.511m of right to buy receipts in 2017/18.

- The Council has contingent assets in relation to Section 106 Agreements.

- Contingent Rents (contingent rent is such amount that is paid as part of lease payments but is not fixed or agreed in advance at the inception of the lease rather the amount to be paid is dependent on some future event) for 2017/18 amounted to £0.042m.

36 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

31/03/17 £'000		**Note(s)**	**31/03/18 £'000**
(7,273)	Interest received		(9,285)
7,843	Interest paid		12,983
570			**3,698**

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

31/03/17 £'000		Note(s)	31/03/18 £'000
15,577	Depreciation	21	16,697
368	Revaluation (loss)/gain		7,315
70	Amortisation		70
(304)	Increase/decrease in impairment for bad debts		(833)
1,379	Increase/decrease in creditors		6,461
(19,949)	Increase/decrease in debtors		(36,867)
89	Increase/decrease in inventories		(61)
5,157	Movement in pension liability		16,381
15,000	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised		7,525
12,414	Other non-cash items charged to the net surplus or deficit on the provision of services		27,703
29,801			**44,391**

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

31/03/17 £'000		Note(s)	31/03/18 £'000
(2,017)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		(3,107)
(15,000)	Proceeds from sale of property, plant and equipment, investment property and intangible assets		(7,525)
(27,389)	Any other items for which the cash effects are investing or financing cashflows		(25,387)
(44,406)			**(36,019)**

37 Cash Flow Statement – Investing Activities

31/03/17 £'000		Note(s)	31/03/18 £'000
(85,606)	Purchases of property, plant & equipment, investment propert and intangible assets		(79,381)
(25,050)	Purchase of short-term and long-term investments		(257,831)
2,017	Proceeds from the sale of property, plant & equipment, investment property and intangible assets		3,107
15,000	Proceeds of short-term and long-term investments		7,525
17,435	Other receipts for investing activities		26,008
(76,204)			**(300,572)**

38 Cash Flow Statement – Financing Activities

31/03/17 £'000		Note(s)	31/03/18 £'000
172,120	Cash receipts of short-term and long-term borrowing		451,731
(49)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		(98)
(38,763)	Repayments of short-term and long-term borrowing		(131,536)
133,308			**320,097**

Note 39 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. In this context, related parties include:

- Central Government
- Members
- Officers
- Other Public Bodies
- Entities controlled or significantly influenced by the Council

Materiality
Materiality has been assessed with regards to the Council and the related party.

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 18 Expenditure and Income Analysed by Nature. Grant receipts outstanding at 31 March 2017 are shown in Note 20. Any debtors and creditors relating to Central Government are shown in Notes 26 and 28, respectively.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2017/18 is shown in Note 14.

Members are required to complete a declaration of interests, disclosing any party where they, or their spouse, have control or influence.

The register of Members' interests is available for public inspection at the Town Hall upon request and on the Council's website.

Members also have to declare interests in any matter on Committee/Executive Board agendas and any offers of hospitality.

Business Activities
In 2017/18 nineteen Members held material interests in the following organisations with whom the Council carried out business. Asterisks* indicate that the organisation was not a related party in the relevant year.

Payments to Organisations where Members or their spouse hold a personal interest	Expenditure 2016/17 £	Expenditure 2017/18 £	Creditors 31 Mar 2018 £
Beamont Collegiate Academy	125,355	102,291	0
Cheshire Day Nursery	484,745	264,735	0
Culture Warrington	808,520	1,218,102	3,502
Golden Gates Housing Trust	521,630	321,861	26,026
HC One Ltd (Callands)	2,282,590	1,961,541	37,611
Helena Partnerships	15,045	500,588	0
Langtree	289,260	317,598	59,983
Livewire	6,017,699	4,419,600	281,206
Lymm High Academy	85,566	60,289	1,974
North West Employers	34,081	30,948	0
Room at the Inn	*	33,000	0
Seashell Trust	560,912	1,507,821	9,034
Warrington Borough Transport	610,022	447,736	43,275
Warrington Labour Group	17,435	17,870	0
Warrington Wolves Foundation	37,138	24,150	1,500
Wire Regeneration Ltd	3,435	4,288	537

Receipts from Organisations where Members or their spouse hold a personal interest	Income 2016/17 £	Income 2017/18 £	Debtors 31 March 2018 £
Beamont Collegiate Academy	246,482	151,742	44,192
Cheshire Day Nursery	570	782	0
Culture Warrington	107,151	86,184	144,799
Golden Gates Housing Trust	1,211,238	511,792	401,160
Helena Partnership/Torus	513,162	365,188	0
Livewire	1,823,665	1,247,405	1,568,000
Lymm High Academy	6,586	90,910	2,530
Urban Building & Development	13,700	10,000	250
Warrington Borough Transport	141,755	314,801	38,207
Warrington Wolves Foundation	21,953	16,384	44,389
Wire Regeneration	4,200	6,400	4,000

In each of these cases, Members are not involved in the commissioning of services from these organisations, and the level of activity with each party is not unusual.

Also Golden Gates Housing Trust and Helena Partnerships (now merged as the Torus Group) have loans with Warrington Borough Council, which are classed as long term debtors and shown in Note 34 Financial Instruments.

Grants Made
The following grants were made to local voluntary groups where Members have a level of influence; however, grants were not awarded by Members directly.

Grants to Organisations where Members or their close relatives hold a personal interest	Expenditure 2016/17 £	Expenditure 2017/18 £	Creditors 31 Mar 2018 £
Brainwave	*	10,000	0
Neighbour Favour	*	3,000	0
Warrington Credit Union	2,810	4,000	0
Warrington District Citiziens Advice Bureau	489,625	485,624	0

Officers

All Executive Directors of the Council, plus Assistant and Operational Directors were required to complete a declaration of interests. Individual Departmental Management Teams also had discretion to cascade the forms down to lower levels of budget holder if deemed appropriate.

Most of the officers' declarations were immaterial, or it could not be demonstrated that the officer had influence over the transactions.

There were seven material declarations in 2017/18, but none were pecuniary interests.

Payments to Organisations where Officers or their spouse hold a personal interest	Expenditure 2016/17 £	Expenditure 2017/18 £	Creditors 31 Mar 2018 £
AECOM Ltd	1,132,754	24,760	0
Alternative Futures	1,852,160	1,148,265	0
Bridgewater Canal Company	30,618	1,964	1,512
Catalyst Choices	8,372,047	10,219,621	0
Peer Power	226	1,207	0
Warrington Wolves Foundation	37,138	24,150	1,500
Wire Regeneration Ltd	3,435	4,288	537

The Chief Executive is a Director of the Warrington Wolves Rugby League Club but plays no part in the commissioning of services or awarding of grants. He is also a director of Wire Regeneration, a joint venture between Warrington BC and Langtree.

The Climate Change manager is the shareholder of AECOM Ltd, a consultant for infrastructure projects.

The Head of Adult Assessment and Care Management has a relative involved with Alternative Futures, however the contract between the Council and the related party predates any involvement of the member of staff and their relative.

The Assistant Director of Transport is a member of the Bridgewater Canal Trust, which the Council pay a management fee to for maintenance of the canal.

Catalyst Choices were previously part of Warrington Borough Council, and the Council have provided services on their behalf.

The Head of Service for the Youth Offending Team is a board member of the Peer Power charity.

Receipts from Organisations where Officers or their spouse hold a personal interest	Income 2016/17 £	Income 2017/18 £	Debtors 31 March 2018 £
Alternative Futures	0	460	460
Aecom Ltd	2,400	0	0
Catalyst Choices	575,928	515,646	78,978
Recycling Lives Ltd	6,714	5,082	799
Warrington Wolves	21,953	16,834	44,389
Wire Regeneration	4,200	6,400	4,000

Officers' remunerations are detailed in Note 15.

Other Public Bodies

The following table shows the precepts and levies during the year 2017/18.

Precepting & Levying Bodies	Precepts/Levies 2015/16 £	Other Expenditure 2015/16 £	Precepts/Levies 2016/17 £	Other Expenditure 2016/17 £
Police & Crime Commissioner for Cheshire	10,152,388	379,595	10,677,109	443,630
Cheshire Fire Authority	5,669,695	250	5,828,951	345
Town and Parish Councils	1,712,594	3,282	1,738,252	4,555
Cheshire West and Chester Council	771,276	7,604,581	780,324	6,002,211
Manchester Port Health Authority	16,687	0	16,687	0
Environment Agency	119,368	59,536	120,919	3,389

The precepts paid to the Cheshire Fire Authority, Cheshire Police Authority and the Town and Parish Councils are to distribute Council Tax collected on behalf of the related party. Other payments to the Town and Parish Councils are shown here though some members have declared interests in these they are deemed immaterial.

The levy paid to Cheshire West and Chester Council is with regard to historic Pension costs. There were various other payments made to Cheshire West and Chester Council, with for Concessionary Travel reimbursements, being the most significant.

The payment to the Environment Agency is the Flood Defence levy, where there was some other expenditure primarily for drainage works.

Three Council Members sit on the Board for Cheshire Fire Authority, and two Members sit on the Board for Cheshire Police Authority.

The Council also provided Treasury Management services to the Cheshire Fire Authority during 2017/18.

Entities Controlled or Significantly Influenced by the Council

The Council has three material interest in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The Council had interests in three limited companies during the financial year:

- Warrington Borough Transport
- Redwood Financial Partners Ltd
- Jersey Property Unit Trust

Warrington Borough Transport and the Jersey Property Unit Trust are both wholly owned subsidiaries and has been consolidated into the Group Accounts in line with the 2017/18 Code.

The Council owns a 33% share in Redwood Financial Partners Limited and has been consolidated into the Group Accounts as an Associate in line with the 2017/18 Code.

Pension fund

Warrington Borough Council is a member of the Cheshire Pension Fund but is not an administering Council.

One Member sits on the Board of Cheshire Pension Fund.

Details of the Fund can be found in Note 32.

Pooled Budget

Details of the Council's pooled budgets can be found in Note 41.

40 Capitalisation of Borrowing Costs

In accordance with the Council's accounting policy, the Council capitalised £1,635,789 of borrowing costs in year in relation to qualifying assets (£483,466 – 2017/18). This was calculated using the Council's average borrowing rate in the year expenditure was incurred. This was 2.19% in 2017/18 (3.16% 2017/18).

41 Pooled Budgets

In 2017/18 Warrington Borough Council entered into a s75 agreement with NHS Warrington Clinical Commissioning Group, with the Council acting as the host. The breakdown of revenue expenditure by relevant scheme and the contributions by the pool members are as follows:

	2016/17 £'000	2017/18 £'000
Pooled Schemes		
Intermediate Care	7,701	8,189
Protecting Social Care	3,977	5,618
Carers	148	164
Mental Health and Joint Funded Packages	11,374	15,670
Joint Commissioning / Other Support	915	698
Disability Partnership/ WHIA Funding	-	271
Out of Hospital Functions/ Enabling	-	401
Total Better Care Fund Revenue Expenditure	**24,115**	**31,011**
Funding Provided to the Pooled Budget		
Warrington Borough Council	9,297	10,978
NHS Warrington Clinical Commissioning Group	14,933	16,600
Improved Better Care Fund Contribution	-	3,339
Total Funding Provided to the Pooled Budget	**24,230**	**30,917**
Net Surplus Arising on the Pooled Budget During the Year	**115**	**(94)**

Collection Fund

2016/17				2017/18		
Business Rates £'000	**Council Tax £'000**	**Total £'000**		**Business Rates £'000**	**Council Tax £'000**	**Total £'000**
9,082	**(1,953)**	**7,129**	**Opening fund Balance**	**7,687**	**(2,055)**	**5,632**
			Amounts required by statute to be credited to the Collection Fund:			
-	(101,063)	(101,063)	Council Tax (net receivable)	-	(106,894)	(106,894)
(110,533)	-	(110,533)	Non-domestic rates (net receivable)	(106,057)	-	(106,057)
(43)	-	(43)	Transitional protection payments non-domestic rates	9,899	-	9,899
(7,653)	-	(7,653)	Contributions towards previous year's Collection Fund deficit - non-domestic rates	(8,169)	-	(8,169)
			Amounts required by statute to be debited to the Collection Fund:			
			Precepts and demands from major preceptors and the authority - council tax			
-	10,505	10,505	- *Cheshire Police Authority*	-	10,940	10,940
-	4,682	4,682	- *Cheshire Fire Service*	-	4,876	4,876
-	83,217	83,217	- *Warrington Borough Council and Parishes*	-	89,331	89,331
			Shares of non-domestic rating income to major preceptors and the authority - non-domestic rates			
1,146	-	1,146	- *Cheshire Fire Service*	1,028	-	1,028
56,138	-	56,138	- *Warrington Borough Council and Parishes*	50,371	-	50,371
57,283	-	57,283	Payment with respect to central share of the non-domestic rating income to be paid to central government by billing authorities	50,334	-	50,334
			Impairment of debts/appeals for council tax:			
-	1,200	1,200	- *write-offs of uncollectable amounts*	-	461	461
-	(443)	(443)	- *allowance for impairment*	-	574	574
-	-	-	Impairment of debts/appeals for non-domestic rates:	-	-	-
1,260	-	1,260	- *write-offs of uncollectable amounts*	4,100	-	4,100
(64)	-	(64)	- *allowance for impairment*	(1,834)	-	(1,834)
308	-	308	Charge to General Fund for allowable collection costs for non-domestic rates	295	-	295
763	-	763	Other transfers to General Fund in accordance with non-domestic rates regulations	2,854	-	2,854
-	1,800	1,800	Contributions towards previous year's Collection Fund surplus - council tax	-	1,800	1,800
(1,395)	**(102)**	**(1,497)**	**Movement on fund balance**	**2,821**	**1,088**	**3,909**
7,687	**(2,055)**	**5,632**	**Closing fund Balance**	**10,508**	**(967)**	**9,541**
			Attributed to:			
3,767	(1,733)	2,034	Warrington Borough Council	5,149	(819)	4,330
-	(223)	(223)	Cheshire Police Authority	-	(102)	(102)
77	(99)	(22)	Cheshire Fire Authority	105	(46)	59
3,843	-	3,843	Government	5,254	-	5,254
7,687	**(2,055)**	**5,632**	**Total**	**10,508**	**(967)**	**9,541**

Notes to the Collection Fund Statement

1 Council Tax

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands by estimating 1 April 1991 values. Individual charges are set by calculating the amount of income to be achieved from Council Tax and dividing this by the Council Tax Base (the total number of properties in each band converted to an equivalent number of Band D properties). The tax for a Band D property is multiplied by the appropriate ratio to give an amount due for properties in each band.

Band	Value Range	Number of Dwellings after Discounts and Exemptions	Ratio	Band D Equivalents
Disabled A	Up to £40,000	29	5/9	16
A	Up to £40,000	23,087	6/9	15,391
B	£40,000 - £52,000	18,200	7/9	14,156
C	£52,000 - £68,000	17,541	8/9	15,592
D	£68,000 - £88,000	10,889	9/9	10,889
E	£88,000 - £120,000	6,708	11/9	8,199
F	£120,000 - £160,000	4,248	13/9	6,135
G	£160,000 - £320,000	2,501	15/9	4,168
H	£320,000 and over	170	18/9	340
		83,373		**74,886**

The total number of Band D Equivalents is then adjusted for non-collection, new properties and other adjustments to produce the Council Tax Base.

Calculation of Tax Base	
Total properties converted to Band D equivalent	74,886
Change in assumptions	(19)
	74,867
Less allowance for non-collection	(749)
Increase due to decrease of second home discount	153
Council Tax Base for Tax Setting	**74,271**

2 National Non-Domestic Rates (NNDR)

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government. The Government specifies a rate in the pound (47.9p for 2017/18 and 46.6p for small businesses) which is then multiplied by the rateable value to produce a charge to each business. The aggregate rateable value or total value of properties for Warrington is £243,459,465.

The business rates shares payable for 2017/18 were estimated before the start of the financial year as £50.334m to Central Government, £1.028m to Cheshire Fire Council and £50.371m to Warrington Council. These sums have been paid in 2017/18 and charged to the collection fund in year.

When the scheme was introduced, Central Government set a baseline level for each Council identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Warrington Borough Council paid a tariff to Central Government in 2017/18 to the value of £16.228m.

As from 1st April 2014, Warrington, Halton and St Helens Councils formed a business rates pooling arrangement, known as the Mid Merseyside Pool. This arrangement allows the pool to keep any excess growth that had previously paid over to the government as a levy. But, it also means that any breach of the safety net arrangements by the pool would be met by the pool authorities, rather than Central Government. Warrington Borough Council is the administrating Council for the pool.

Group Accounts

The Group Accounts presented on the next few pages are a consolidation of the single entity accounts with accounts from Warrington Borough Transport, Birchwood Park and Redwood Bank.

The Group Accounts present the main statements and only the notes that are materially different to the Single Entity Accounts (in line with IFRS 12. All other notes are not materially different to the Single Entity Accounts and have not been produced. All note references are to the Single Entity Accounts unless otherwise indicated, and the Group Notes should be read in conjunction with the Single Entity Accounts.

Movement in Reserves Statement for the Year Ended 31 March 2018	**Note(s)**	**General Fund Balance £'000**	**Capital Receipts Reserve £'000**	**Capital Grants Unapplied £'000**	**Total Usable Reserves £'000**	**Total Unusable Reserves £'000**	**Total Reserves of the Authority £'000**	**Total Group Entities**	**Group Reserves £'000**
Balance as at 1 April 2016		**49,721**	**5,414**	**5,989**	**61,124**	**274,190**	**335,314**	**2,284**	**337,598**
Movement in Reserves during the year									
Total Comprehensive Income and Expenditure		(9,328)	-	-	**(9,328)**	**(65,581)**	**(74,909)**	**98**	**(74,811)**
Adjustments between accounting basis & funding basis under regulations	**7**	7,103	(391)	2,115	**8,827**	**(8,827)**	**-**	**-**	**-**
Increase or (Decrease) in Year		**(2,225)**	**(391)**	**2,115**	**(501)**	**(74,408)**	**(74,909)**	**98**	**(74,811)**
Balance as at 31 March 2017		**47,496**	**5,023**	**8,104**	**60,623**	**199,782**	**260,405**	**2,382**	**262,787**
Movement in Reserves during the year									
Total Comprehensive Income and Expenditure		(55,727)	-	-	**(55,727)**	**34,813**	**(20,914)**	**2,528**	**(18,386)**
Adjustments between accounting basis & funding basis under regulations	**7**	50,841	196	2,591	**53,628**	**(53,628)**	**-**	**-**	**-**
Increase or (Decrease) in Year		**(4,886)**	**196**	**2,591**	**(2,099)**	**(18,815)**	**(20,914)**	**2,528**	**(18,386)**
Balance as at 31 March 2018		**42,610**	**5,219**	**10,695**	**58,524**	**180,967**	**239,491**	**4,910**	**244,401**

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2018

2016/17 Restated Gross Expenditure £'000	2016/17 Restated Gross Income £'000	2016/17 Net Expenditure £'000		Note(s)	2017/18 Gross Expenditure £'000	2017/18 Gross Income £'000	2017/18 Net Expenditure £'000
18,625	(6,786)	11,839	Corporate Services		34,086	(20,407)	13,679
292,576	(194,631)	97,945	Families & Wellbeing		279,289	(176,979)	102,310
38,335	(16,429)	21,906	Economic Regeneration, Growth & Environment		38,633	(17,974)	20,659
60,363	(54,776)	5,587	Corporate Finance		51,506	(53,788)	(2,282)
23,552	-	23,552	Central Charges		41,408	-	41,408
10,016	(7,917)	2,099	Warrington Borough Transport		9,833	(7,618)	2,215
-	-	-	Birchwood Park		5,322	(9,434)	(4,112)
443,467	**(280,539)**	**162,928**	**Cost of Services**		**460,077**	**(286,200)**	**173,877**
		11,820	Other Operating Expenditure	**10**			33,291
		2,063	Financing & Investment Income & Expenditure	**11**			7,415
		(167,581)	Taxation and Non-Specific Grant Income	**12**			(163,083)
		9,230	**(Surplus) or Deficit on Provision of Services**				**51,500**
		-	(Surplus) or Deficit on Provision of Services by Associates				1,699
		9,230	**Group (Surplus)/Deficit**				**53,199**
		(439)	(Surplus) or Deficit on revaluation of non-current assets	**33**			(10,072)
		204	(Surplus) or Deficit on revaluation of available for sale financial assets	**33**			(613)
		65,816	Remeasurement of the net defined benefit liability	**32**			(24,128)
		65,581	**Other Comprehensive Income and Expenditure**				**(34,813)**
		74,811	**Total Comprehensive Income and Expenditure**				**18,386**

Group Balance Sheet as at 31 March 2018

	Notes	31st March 2017 £000	31st March 2018 £000
Property, Plant & Equipment	**21**	614,107	656,162
Heritage Assets	**22**	15,851	15,962
Investment Property	**GR 5**	50,136	254,610
Intangible Assets		125	211
Long Term Investments	**GR 9**	46,092	66,312
Long Term Debtors	**25**	95,166	134,066
Long Term Assets		**821,477**	**1,127,323**
Short Term Investments	**GR 9**	6,045	25,408
Inventories		755	843
Short Term Debtors	**GR 6**	55,965	62,086
Cash and Cash Equivalents	**GR 7**	43,866	21,974
Current Assets		**106,631**	**110,311**
Cash and Cash Equivalents	**GR 7**	(27)	(117)
Short Term Borrowing	**GR 9**	(55,861)	(75,463)
Short Term Creditors	**GR 8**	(43,315)	(62,619)
Provisions	**29**	(6,740)	(7,547)
Current Liabilities		**(105,943)**	**(145,746)**
Long Term Creditors	**28**	(4,791)	(4,459)
Deferred Tax		(71)	(71)
Grants Receipts in Advance - Capital	**20**	(487)	(1,102)
Grants Receipts in Advance - Revenue	**20**	(13,288)	(14,310)
Provisions	**29**	(2,635)	(2,635)
Long Term Borrowing	**GR 9**	(352,263)	(654,186)
Long Term Pension Liabilities	**32**	(185,843)	(170,724)
Long Term Liabilities		**(559,378)**	**(847,487)**
Net Assets		**262,787**	**244,401**
Usable Reserves	**9**	63,005	63,433
Unusable Reserves	**33**	199,782	180,968
Total Reserves		**262,787**	**244,401**

Group Cash Flow Statement for the year ended 31 March 2018

2016/17 £'000		Note(s)	2017/18 £'000
(9,230)	Net (surplus) or deficit on the provision of services		(51,500)
29,982	Adjustments to net surplus or deficit on the provision of services for non-cash movements	**GR 10**	46,237
(44,406)	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	**GR 10**	(36,021)
(23,654)	**Net Cash Flows from Operating Activities**		**(41,284)**
(76,334)	Investing Activities	**GR 11**	(300,570)
133,113	Financing Activities	**GR 12**	319,872
33,125	**Net (increase) or decrease in cash and cash equivalents**		**(21,982)**
10,714	Cash and cash equivalents at the beginning of the reporting period		43,839
43,839	**Cash and cash equivalents at the end of the reporting period**	**GR 7**	**21,857**

Notes to the Group Accounts

1 Consolidated and Non-consolidated Entities

The CIPFA Code of Practice requires that where a Council has material financial interests and a significant level of control over one or more entities, or where it would better understanding of partnership arrangements, it should prepare Group Accounts. The aim of these accounts is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities. Before group accounts can be produced, the following actions need to be carried out:

- Determine whether the Council has any form of interest in an entity
- Assess the nature of the relationship between the Council and the entity

Classification of Group Entities
The Council has relationships with a number of entities over which it has varying degrees of control or influence. The Code of Practice requires these to be classified into the categories of subsidiaries, associates and joint ventures. The meanings of these are outlined below.

Subsidiary
An entity is a subsidiary of the reporting Council, if the Council is able to exercise control over the operating and financial policies of the entity and the Council is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

The following entities is classified as subsidiaries of the Council:

Warrington Borough Transport Limited (WBT)
Warrington Borough Transport Limited is a company set up in accordance with the provision of the Transport Act 1985 to take over the Council's passenger transport undertaking. Warrington Borough Council wholly owns WBT but is not liable for any losses that it may make.

Copies of the audited accounts can be obtained from the following address when available:

Warrington Borough Transport Limited
Wilderspool Causeway
Warrington
WA4 6PT

Birchwood Park
In September 2017 the Council purchased a Jersey Property Unit Trust that solely owns Birchwood Park, which is an area in Warrington containing various investment properties.

Copies of the audited accounts can be obtained from the following address when available:

Patrizia UK Limited

Pinewood
Crockford lane
Chineham Park
Basingstoke
RG24 8AL

Associates
An entity is an associate of the reporting Council, if the Council has significant influence over the entity.

The following entities have been deemed to be classified as associates of the Council, as the Council has significant influence over the entities:

Livewire and Culture Warrington
Livewire is a Community Interest Company created by the Council for the provision of libraries and leisure centres within the borough. Culture Warrington is a charitable trust for the provision of the boroughs museum, and the two arts centres, Pyramid and Parr Hall.

Catalyst Choices Community Interest Company
In February 2015 the Council created an employee owned mutual Community Interest Company for the provision of adult social care in the borough.

Redwood Bank
In April 2017 the Council invested £10m in Redwood Financial Partners Limited (RFPL), which wholly owns Redwood Bank; an investment bank providing loans to SME's nationally and through a local branch in Warrington. The Council's agreement is to further invest two more payments of £10m if the Bank meets its business plan. This investment gives the council a 33% share of RFPL.

Joint Venture
An entity in which the reporting Council has an interest on a long term basis and which is jointly controlled by the reporting Council and one or more other entities under a contractual or other binding arrangement.

On March 3rd, 2014 Warrington Borough Council (WBC) and Langtree Land and Property PLC (Langtree) entered into an agreement to create a joint venture company (JVC) "Wire Regeneration Limited". Both WBC and Langtree were issued 3,701,870 £1 Shares in the JVC. Each party has a total of three directors on the board, with WBC being represented by elected members.

Determining the Group Boundary
To ensure that the Group entities incorporated into the Group Accounts are correct, a detailed exercise was carried out, but no companies, other than those detailed above, were determined to be a Group Entity.

Please note that although Warrington Borough Council does have an investment in Warrington Wolves (Warrington Sports Holdings), it was determined that there is no Group Relationship as WBC does not have a significant influence over the organisation as our shareholding is less than 13% and we only have one board member who has a connection with the Council.

The Council also has interest in Warrington & Co and Warrington 2000+. However, neither company is a trading entity therefore there are no transactions to consolidate within the Group Accounts.

Consolidation of Group Entities
All of the arrangements and entities previously outlined have been found to be Group Entities and would normally be consolidated into a set of Group Accounts.

However for Wire Regeneration Limited, their financial transactions have been found to be immaterial to the single entity financial statement, in accordance with paragraph 9.1.1.6 of the Code they have not been consolidated into Group Accounts.

Three of the four Associates (LiveWire, Culture Warrington, and Catalyst Choices) would normally be consolidated into Group Accounts using the equity method of consolidation. But, as the Council does not have any equity and in accordance with IPSAS 7, the three entities would not qualify as Associates, and therefore there is no Group Relationship.

The one remaining Associate is Redwood Bank, which the Council has a 33% shareholding.

Therefore the consolidation for Group Accounts is with the two subsidiary, Warrington Borough Transport and Birchwood Park, and Redwood Bank as an associate.

2 Accounting Policies

The accounting policies for Warrington Borough Transport, Birchwood Park and Redwood Bank have been aligned with the Accounting Policies of Warrington Borough Council and the Code of Practice.

Therefore, please refer to Appendix 1 for more detailed accounting policies.

3 Intra-group Transactions

During the consolidation of the Group Entities with the single entity accounts any intra-group transactions have been eliminated. These include debtors, creditors, any intra-group contracts like concessionary travel, and also the shares owned in the company.

4 Expenditure and Income Analysed by Nature

Expenditure/Income	2016/17 £'000	2017/18 £'000
Expenditure		
Employee benefits expenses	182,411	184,254
Other service expenses	260,638	275,364
Depreciation, amortisation, impairment	29,385	55,608
Interest payments	8,158	11,562
Expenditure realting to investment properties	(1,949)	553
Precepts and levies	1,738	1,996
Total expenditure	**480,381**	**529,337**
Income		
Fees, charges and other service income	(204,731)	(139,113)
Interest and investment income	(7,522)	(9,617)
Income relating to investment properties	(658)	(10,074)
Income from council tax, non-domestic rates	(85,014)	(90,143)
Government grants and contributions	(173,226)	(228,890)
Total Income	**(471,151)**	**(477,838)**
Surplus or Deficit on the Provision of Services	**9,230**	**51,500**

5 Investment Properties

	2016/17 £'000	2017/18 £'000
Balance as at the start of the year	**31,243**	**50,136**
Disposals	(91)	(1,276)
Net gains/(losses) from fair value adjustments	2,883	359
Additions	15,834	210,000
Transfers (to)/ from Property, Plant and Equipment	267	(4,609)
Balance as at end of the year	**50,136**	**254,610**

Fair Value Hierarchy

Details of Group investment properties and information about the fair value hierarchy as at 31 March 2018 and 2017 are as follows:

2017/18	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2018 £000
Industrial Ground Rents	-	10,167	840	11,007
Retail Units	-	2,123	3,146	5,269
Industrial Units	-	211,480	971	212,451
Retail Warehouse	-	8,675	3,852	12,527
Other	-	10,091	3,265	13,356
Total	**-**	**242,536**	**12,074**	**254,610**

2016/17	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair Value as at 31 March 2017 £000
Industrial Ground Rents	-	3,020	8,814	11,834
Retail Units	-	1,725	3,592	5,317
Industrial Units	-	1,465	971	2,436
Retail Warehouse	-	17,788	-	17,788
Other	-	8,376	4,385	12,761
Total	**-**	**32,374**	**17,762**	**50,136**

6 Short Term Debtors

	31/03/17 £'000	31/03/18 £'000
Short-term Debtors		
Central Government Bodies	9,129	7,403
Other Local Authorities	5,154	1,030
NHS Bodies	6,026	4,386
Public Corporations and Trading Funds	-	(2)
Other Entities and Individuals	35,656	49,269
Total Short-term Debtors	**55,965**	**62,086**

7 Cash and Cash Equivalents

	31/03/17 £'000	31/03/18 £'000
Cash on hand and balances with banks	(369)	(4,472)
Short-term Deposits	44,235	26,446
Total Cash and Cash Equivalents	**43,866**	**21,974**
Cash Overdrawn	(27)	(117)
Net Cash and Cash Equivalents	**43,839**	**21,857**

8 Creditors

	31/03/17 £'000	31/03/18 £'000
Short-term Creditors		
Central Government Bodies	4,672	8,187
Other Local Authorities	3,771	3,203
NHS Bodies	705	403
Public Corporations and Trading Funds	36	60
Other Entities and Individuals	34,131	50,766
Total Short-term Creditors	**43,315**	**62,619**
Long-term Creditors		
Other Entities and Individuals	4,791	4,459
Total Creditors	**48,106**	**67,078**

9 Financial Instruments

Categorisation of Financial Instruments

	Long-term		Short-term	
	31/03/2017 £'000	31/03/2018 £'000	31/03/2017 £'000	31/03/2018 £'000
Borrowings				
Financial liabilities (principal amount)	347,354	649,357	53,516	71,677
+ Accrued interest	-	-	2,243	3,676
+/- Other accounting adjustments	781	811	-	-
Financial liabilities at amortised cost (Note 1)	**348,135**	**650,168**	**55,759**	**75,353**
Financial liabilities at fair value through profit or loss (Note 2)	-	-	-	-
PFI and finance lease liabilites	4,129	4,018	102	110
Financial guarantees (Note 3)	-	-	-	-
Soft loans (Note 4)	-	-	-	-
Total Borrowings	**352,264**	**654,186**	**55,861**	**75,463**
Creditors				
PFI finance liabilites at amortised cost	4,293	4,121	-	-
Financial liabilites carried at contract cost	-	-	28,706	44,624
Total Creditors	**4,293**	**4,121**	**28,706**	**44,624**
Total Liabilities	**356,557**	**658,307**	**84,567**	**120,087**

	Long-term		Short-term	
	31/03/2017 £'000	31/03/2018 £'000	31/03/2017 £'000	31/03/2018 £'000
Investments				
Loans and Receivables (principal amount)	27,749	38,889	4,500	23,500
+ Accrued Interest	-	-	1,545	1,908
+/- Accounting adjustments	-	-	-	-
Cash & Cash Equivalents	-	-	43,159	15,344
Loans and Receivables at amortised cost (Note 1)	**27,749**	**38,889**	**49,204**	**40,752**
Available-for-sale financial assets	18,343	27,423	-	-
Financial Assets at fair value through profit or loss (Note 2)	-	-	-	-
Unquoted equity investment at cost*	-	-	-	-
Total Investments	**46,092**	**66,312**	**49,204**	**40,752**
Debtors				
Loans and receivables	93,526	134,066	35,469	40,749
Total Debtors	**93,526**	**134,066**	**35,469**	**40,749**
Soft loans provided (Note 4)	-	-	-	-
Total Assets	**139,618**	**200,378**	**84,673**	**81,501**

Financial Assets Measured at Fair Value

Financial assets measured at fair value			**Long-term**		**Short-term**	
Recurring fair value measurements	**Input level in fair value hierarchy**	**Valuation technique used to measure fair value**	**31/03/2017 £'000**	**31/03/2018 £'000**	**31/03/2017 £'000**	**31/03/2018 £'000**
Total Loans and Receivables			-	-	-	-
Available for Sale						
Churches, Charities and Local Authority (CCLA) Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	12,903	13,515	-	-
Joint Venture	Level 3	Unobservable inputs for the asset or liability	3,790	3,790	-	-
Warrington Sports Holdings Ltd (WHSL)	Level 2	% Equity held of Net Worth	1,650	1,650	-	-
Redwood Bank	Level 3	Unobservable inputs for the asset or liability	-	8,615	-	-
Total Available for Sale			**18,343**	**27,570**	-	-
Total Unquoted Equity Investment at Cost			-	-	-	-

Fair Value of Financial Liabilities

		Long-term				Short-term				Total Liabilities	
		31/03/2017		31/03/2018		31/03/2017		31/03/2018		31/03/2018	
Financial Liabilities	**Fair Value Heirarchy**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
Public Works Loan Board	3	173,850	183,127	460,853	472,992	1,326	1,326	2,487	2,487	463,340	475,479
Money Market Loans (Lender Option Borrower Option)	3	68,500	106,792	68,500	103,987	-	-	-	-	68,500	103,987
Money Market Loans	3	40,000	63,335	43,000	65,488	-	-	-	-	43,000	65,488
Money Market Loans (City Bond)	1	50,000	58,589	50,000	59,951	-	-	-	-	50,000	59,951
Money Market Loans Local Authority	3	15,000	15,380	27,000	26,817	20,000	20,117	10,000	10,110	37,000	36,927
Money Market Loans Mortgages	3	4	4	4	4	-	-	-	-	4	4
Money Market Loans Adjustment	3	781	781	811	811	-	-	-	-	811	811
Other Temporary Loans Local Authority	3	-	-	-	-	32,000	31,984	59,000	59,165	59,000	59,165
Other Temporary Loans Charities & Parish Council	3	-	-	-	-	190	190	190	190	190	190
Accrued Interest	3	-	-	-	-	2,243	2,243	3,676	3,676	3,676	3,676
Total Financial Liabilities		**348,135**	**428,008**	**650,168**	**730,050**	**55,759**	**55,860**	**75,353**	**75,628**	**725,521**	**805,678**
Salix	3	-	-	-	-	-	-	-	-	-	-
Private Finance Initiative	3	4,129	4,129	4,018	4,018	102	102	110	110	4,128	4,128
Total Borrowings		**352,264**	**432,137**	**654,186**	**734,068**	**55,861**	**55,962**	**75,463**	**75,738**	**729,649**	**809,806**
Private Finance Initiative Creditors	3	4,293	4,293	3,247	3,247	-	-	-	-	3,247	3,247
Creditors	3	-	-	1,212	1,212	28,706	28,706	44,624	44,624	45,836	45,836
Total Liabilities		**356,557**	**436,430**	**658,645**	**738,527**	**84,567**	**84,668**	**120,087**	**120,362**	**778,732**	**858,889**
Total Liabilities 2016/17		**356,557**	**436,430**			**84,567**	**84,668**			**441,124**	**521,098**
Total Liabilities 2017/18				**658,645**	**738,527**			**120,087**	**120,362**	**778,732**	**858,889**

Fair Value of Financial Assets

		Long-term				Short-term				Total Liabilities	
		31/03/2017		31/03/2018		31/03/2017		31/03/2018		31/03/2018	
Financial Assets	**Fair Value Heirarchy**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**	**Carrying Amount £'000**	**Fair Value £'000**
Solar Bond Rockfire	3	27,000	27,000	28,000	28,000	4,500	4,500	23,500	23,500	51,500	51,500
UK Municipal Bond Agency PLC	3	200	200	200	200	-	-	-	-	200	200
LiveWire Energy Limited	3	549	549	549	549	-	-	-	-	549	549
JFC Bond	3	-	-	10,140	10,140	-	-	-	-	10,140	10,140
Loans & Receivables		**27,749**	**27,749**	**38,889**	**38,889**	**4,500**	**4,500**	**23,500**	**23,500**	**62,389**	**62,389**
Churches, Charities and Local Authority	3	12,903	12,903	13,515	13,515	-	-	-	-	13,515	13,515
Joint Venture	3	3,790	3,790	3,790	3,790	-	-	-	-	3,790	3,790
Warrington Sports Holdings Ltd (WSHL)	3	1,650	1,650	1,650	1,650	-	-	-	-	1,650	1,650
Redwood Bank	3	-	-	8,615	8,615	-	-	-	-	8,615	8,615
Available for Sale		**18,343**	**18,343**	**27,570**	**27,570**	**-**	**-**	**-**	**-**	**27,570**	**27,570**
Accrued Interest	3	-	-	-	-	1,545	1,545	1,908	1,908	1,908	1,908
Total Investments		**46,092**	**46,092**	**66,459**	**66,459**	**6,045**	**6,045**	**25,408**	**25,408**	**91,867**	**91,867**
Cash Held by Authority	3	-	-	-	-	116	116	132	132	132	132
Bank Current Accounts	3	-	-	-	-	(500)	(500)	1,068	1,068	1,068	1,068
Short Term Deposits	3	-	-	-	-	44,235	44,235	20,775	20,775	20,775	20,775
Bank Current Accounts (Overdraft)	3	-	-	-	-	(27)	(27)	(117)	(117)	(117)	(117)
Total Financial Assets		**46,092**	**46,092**	**66,459**	**66,459**	**49,869**	**49,869**	**47,266**	**47,266**	**113,725**	**113,725**
Debtors	3	93,591	115,227	134,066	164,505	35,469	35,469	40,749	40,749	174,815	205,254
Total Assets		**139,683**	**161,319**	**200,525**	**230,964**	**85,338**	**85,338**	**88,015**	**88,015**	**288,540**	**318,979**
Total Assets 2016/17		**139,683**	**161,319**	**-**	**-**	**85,338**	**85,338**	**-**	**-**	**225,021**	**246,657**
Total Assets 2017/18		**-**	**-**	**200,525**	**230,964**	**-**	**-**	**88,015**	**88,015**	**288,540**	**318,979**

Nature and Extent of Risks

Counterparties	Capita Credit Rating	Counterparty Type/Rating	Amount at 31 March 2017 £'000	Amount at 31 March 2018 £'000
Deposits with Banks and Financial Institutions				
Santander	Red	A/A1	10,000	10,750
Bank of Scotland	Red	A/A1	-	-
National Westminster	Blue	A-/A2	1,425	10,000
Handelsbanken	Orange	AA-/A1+	-	-
Federated Prime Rate MMF	Yellow	AAA	10,000	-
Legal and General MMF	Yellow	AAA	2,785	-
Standard Life (Ignis) MMF	Yellow	AAA	20,000	-
CCLA Money Market Fund	Yellow	AAA	25	25
Rockfire Capital Solar Bond	no credit rating	n/a	31,500	51,500
Municipal Bond Agency	no credit rating	n/a	200	200
Sainsbury Bank	no credit rating	n/a	-	
CCLA Property Fund	Blue	AAA	12,903	13,515
Joint Venture	no credit rating	n/a	3,790	3,790
Warr Sports Holding Ltd	no credit rating	n/a	1,650	1,650
Redwood Bank	no credit rating	n/a	-	8,615
Total Banks and Financial Institutions			**94,278**	**100,045**
Debtors				
Short Term				
Trade Debtors			13,327	18,121
Other Debtors			22,142	18,273
PFI Finance Lease			5	-
LAMS			1,500	2,000
Long Term				
PFI Finance Lease			31,888	31,888
Registered Providers			59,703	100,483
Mortgage Scheme Debtors			2,000	-
Total Debtors			**130,565**	**170,765**
Total			**224,843**	**270,810**

10 Cash Flow Statement – Operating Activities

31/03/17 £'000		Note(s)	31/03/18 £'000
15,577	Depreciation	21	17,405
368	Revaluation (loss)/gain		7,315
70	Amortisation		70
(304)	Increase/decrease in impairment for bad debts		(833)
1,379	Increase/decrease in creditors		12,637
(19,949)	Increase/decrease in debtors		(42,140)
89	Increase/decrease in inventories		(88)
5,157	Movement in pension liability		16,381
15,000	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised		7,525
12,595	Other non-cash items charged to the net surplus or deficit on the provision of services		27,965
29,982			**46,237**

31/03/17 £'000		Note(s)	31/03/18 £'000
(2,017)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		(3,107)
(15,000)	Proceeds from sale of property, plant and equipment, investment property and intangible assets		(7,525)
(27,389)	Any other items for which the cash effects are investing or financing cashflows		(25,389)
(44,406)			**(36,021)**

11 Cash Flow Statement – Investing Activities

31/03/17 £'000		Note(s)	31/03/18 £'000
(85,606)	Purchases of property, plant & equipment, investment properties and intangible assets		(79,381)
(25,050)	Purchase of short-term and long-term investments		(257,831)
2,017	Proceeds from the sale of property, plant & equipment, investment property and intangible assets		3,109
15,000	Proceeds of short-term and long-term investments		7,525
17,305	Other receipts for investing activities		26,008
(76,334)			**(300,570)**

12 Cash Flow Statement – Financing Activities

31/03/17 £'000		Note(s)	31/03/18 £'000
172,120	Cash receipts of short-term and long-term borrowing		451,731
(49)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		(98)
(38,958)	Repayments of short-term and long-term borrowing		(131,761)
133,113			**319,872**

Glossary of Terms

AAA FITCH RATING
Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA FITCH RATING
Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A FITCH RATING
High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

ACCOUNTING PERIOD
The period of time covered by the accounts; normally a period of twelve months commencing on 1st April. The end of the accounting period is the Balance Sheet date.

ACCRUALS
Sums included in the final accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES
For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed

ASSET
An item having value to the Council in monetary terms. Assets are categorised as either current or fixed:

- A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock);
- A non-current asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS
An independent examination of the Council's financial affairs.

BALANCE SHEET
A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BOND
A bond is a debt investment in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate.

BORROWING
Government support for capital investment is described as either Supported Capital Expenditure (Revenue) known as SCE(R) or Supported Capital Expenditure (Capital Grant) known as SCE(C). SCE can be further classified as either Single Capital Pot (SCP) or ring-fenced.

BUDGET
The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE
Expenditure on the acquisition of a non-current asset, which will be used in providing services beyond the current accounting period, or expenditure, which adds to and not merely maintains the value of an existing non-current asset.

CAPITAL FINANCING
Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME
The capital schemes the Council intends to carry out over a specific period of time.

CAPITAL RECEIPT
The proceeds from the disposal of land or other non-current assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CLAW-BACK
Where average council house rents are set higher than the Government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the Council, i.e. it is "clawed-back" by the Government.

CIPFA
The Chartered Institute of Public Finance and Accountancy.

COLLECTION FUND
A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS
Assets that 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 historical buildings.

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

CONTINGENT ASSET
A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's accounts.

CONTINGENT LIABILITY
A contingent liability is either:

- A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE
The corporate and democratic core comprises all activities that 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 be incurred by a series of independent single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

CREDIT RATING
An assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. A credit rating can be assigned to any entity that seeks to borrow money. Credit assessment and evaluation for companies and governments is generally done by a credit rating agency such as Standard & Poor's, Moody's or Fitch.

CREDITOR
Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)
The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

DEBTOR
Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFERRED CHARGES
Expenditure which can be properly deferred (i.e. treated as capital in nature), but which does not result in, or remain matched with, a tangible asset. Examples of deferred charges are grants of a capital nature to voluntary organisations.

DEFINED BENEFIT PENSION SCHEME
Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION
The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's non-current assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)
Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

EQUITY
The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE
Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS
Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS
For a funded defined benefit scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS
Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

FINANCE LEASE
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee.

GOING CONCERN
The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS
Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS
A system of financial assistance to individuals towards certain housing costs administered by Authorities and subsidised by central Government.

HOUSING REVENUE ACCOUNT (HRA)
A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Council.

IMPAIRMENT
A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT
The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS
Non-current assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)
For a defined benefit scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVENTORIES
Items of raw materials and stores a Council has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

INVESTMENTS (PENSION FUND)
The investments of the Pension Fund will be accounted for in the statements of that fund. However, Authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

LIABILITY
A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES
Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market

LONG-TERM CONTRACT
A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

MATERIALITY
The concept that the Statement of Accounts should include all amounts which, if omitted, or misstated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)
The minimum amount which must be charged to the revenue account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NEGATIVE SUBSIDY
If the Subsidy Housing Revenue Account produces a result, which assumes that the Council’s income is higher than its expenditure, a “negative subsidy” situation arises. In this case the Council must pay an amount equivalent to the deficit, from its Housing Revenue Account to the Government.

NET BOOK VALUE
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical costs or fair value less the cumulative amounts provided for depreciation.

NET DEBT
The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS
These are overheads for which no user now benefits and as such are not apportioned to services

NATIONAL NON-DOMESTIC RATES (NNDR)
The National Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS
Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE
A lease where the ownership of the non-current asset remains with the lessor.

OPERATIONAL ASSETS
Non-current assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)
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.

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

PRECEPT
The levy made by precepting Authorities by billing Authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT
Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION
An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)
A Central Government Agency which provides loans for one year and above to Authorities at interest rates only slightly higher than those at which the Government can borrow itself.

RATEABLE VALUE
The annual assumed rental of a hereditament, which is used for NNDR purposes.

RELATED PARTIES
There is a detailed definition of related parties in IAS 24. For the Council's purposes related parties are deemed to include the Council's members, the Chief Executive, its Directors and their close family and household members.

RELATED PARTY TRANSACTIONS
The Statement of Recommended Practice requires the disclosure of any material transactions between the Council and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

REMUNERATION
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 the employer are excluded.

RESERVES
The accumulation of surpluses, deficits and appropriations over past years. Reserves are reported in two categories – usable and unusable. Usable reserves are those the Council may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitation on their use. Unusable reserves are those the Council may not use to provide services and are technical adjustments or specific capital reserves.

RESIDUAL VALUE
The net realisable value of an asset at the end of its useful life.

RETIREMENT BENEFITS
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

REVENUE EXPENDITURE
The day-to-day expenses of providing services.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)
Items of capital expenditure that do not result in, or remain matched by, the Council's property, plant and equipment.

REVENUE SUPPORT GRANT
A grant paid by Central Government to Authorities contributing towards the general cost of their services.

S106 AGREEMENTS
A Section 106 agreement is a legal agreement between the Council and a developer, concerning specific planning obligations. A contribution by the developer is sometimes made to the Council for the Council to perform the obligation on the developer's behalf. If the obligation is not met, then the contribution is then repaid to the developer.

SOFT LOAN
A soft loan is a loan with a below market rate of interest.

TEMPORARY BORROWING
Money borrowed for a period of less than one year.

TRUST FUNDS
Funds administered by the Council for such purposes as prizes, charities, specific projects and on behalf of minors.

USEFUL ECONOMIC LIFE (UEL)
The period over which the Council will derive benefits form the use of a non-current asset.

WORK IN PROGRESS (WIP)
The cost of work performed on an uncompleted project at the year end.

Annexe A

STATEMENT OF ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2017/18 financial year and its position at 31 March 2018. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require the Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2017/18 (the Code), and the 2017/18 Code update, supported by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS).

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 are prepared on a going concern basis.

As permitted under the Code, the concept of materiality has been utilised when determining appropriate disclosures to be made in the financial statements. Information is not material if omitting or misstating it would not influence the decisions of an informed user of the statements.

1.2 Accruals of Income and Expenditure (Creditors and Debtors)

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- 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 and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- 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.

1.3 Cash and Cash Equivalents

Cash includes all bank credit balances and overdrafts held by the Council as part of its normal cash management, including all deposit accounts accessible without notice.

Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash Equivalents include investments with a fixed maturity of three months or less from the date of acquisition and available for sale assets such as cash placed in money market funds.

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.

1.4 Charges to Revenue for Non-Current Assets

The General Fund is debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible non-current 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, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.5 Exceptional Items

When items of income and expenditure are material, their nature and amount is disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

1.6 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. 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 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 the holiday absence occurs.

The Council does not award long term employee benefits i.e. those which are not expected to be paid or settled within 12 months of the balance sheet date.

Termination Benefits
Termination benefits, whether they are 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, are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement.

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 in 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 such amounts payable but unpaid at the year-end.

Post-Employment Benefits
Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme is an unfunded scheme administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The Local Government Pensions Scheme, known as the Cheshire Pension Fund and administered by Cheshire West and Chester Council.
- Public Health employees transferred from the NHS – this scheme is administered on behalf of the NHS by NHS Pensions.

All schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

Teachers' and NHS Pension Schemes
The arrangements for the teachers' and the NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet and the service revenue

account in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the Teachers' and NHS Pensions in the year.

The Local Government Pension Scheme

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

- The liabilities of the Cheshire Pension Fund scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate of 2.7% (based on the indicative rate of return on iBoxx Sterling Corporate Index, AA over 15 years)
- The assets of Cheshire 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 the following components:
- Service cost comprising:
- 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 as part of Non Distributed Costs
- net interest on the net deferred liability (asset) i.e. net interest expense for the Council the charge during the period is the net deferred liability (asset) that came 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 net defined liability (asset) at the beginning of the period taking into account any changes to the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- Remeasurements comprising:
- the return on fund assets excluding amounts included in net interest on the net defined benefit liability (asset) charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes on 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 Cheshire 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 transfers 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 earned by employees.

Employer contribution rates are reviewed every three years. The last review took place at 31 March 2016; effective from 1 April 2016. The employer contribution rate set for the Council was 22.8% for 2017/18 (22.3% in 2016/17). In accordance with current regulations the actuary set the rate at a level sufficient to enable the Pension Fund to meet 100% of existing prospective liabilities, including pension increases.

Discretionary Benefits
The Council 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 (including teachers) 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.

1.7 Events after the Reporting Period

Events after the reporting period 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 are 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.

1.8 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 that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The bonds issued by the Council in previous years are carried at the outstanding principal plus an effective interest rate. The effective interest rate represents a marginally higher rate of interest than the rate payable to bondholders as a material amount of costs incurred in its issue, which is being financed over the life of the stock.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Loans and Receivables

Loans and receivables 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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

Available-for-Sale Assets

Available-for-sale assets are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. Values are based on the following principles:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis

- equity shares with no quoted market prices – independent appraisal of company valuations

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event, the payments due under the contract will not be made (fixed or determinable payments). Also if fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve.

Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

1.9 Government Grants and Contributions

Revenue, Revenue Expenditure Funded from Capital under Statute (REFCUS) and Capital grants with conditions attached are held as receipts in advance on the Balance Sheet until such time as the condition no longer applies, at which point the grant is recognised as income in the Comprehensive Income and Expenditure Statement. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset or service acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Specific revenue and REFCUS grants are accrued and credited to income within service revenue accounts when the conditions regarding their use are met. Any income credited to service revenue accounts in excess of the expenditure they are intended to fund are, subject to approval, appropriated to revenue grants and contributions unapplied earmarked reserves from the General Fund Balance in the Movement in Reserves Statement until the expenditure is incurred. When the expenditure is incurred, the grant is appropriated back to the General Fund in the Movement in Reserves Statement to ensure that there is no adverse impact on the council tax position. REFCUS grants are reversed out of the General Fund Balance in the Movement in Reserves Statement to either the Capital Adjustment Account if the grant has been used to finance capital expenditure in the year, or to the Capital Grants Unapplied Account Reserve until it is applied to fund capital expenditure, at which point it is transferred to the Capital Adjustment Account.

Non-specific revenue grants, including Revenue Support Grant are credited to Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement.

General revenue grants are subject to the normal carry-forward processes attributable to General Fund balances.

Grants relating to the funding of non-current asset (capital) expenditure are credited to Taxation and Non-Specific Grant Income at the foot of the Comprehensive Income and Expenditure Statement when the conditions regarding their use are met. These charges are reversed out in the Movement in Reserves Statement to either the Capital Adjustment Account if the grant has been used to finance capital expenditure in the year, or to the Capital Grants Unapplied Account Reserve until it is applied to fund capital expenditure, at which point it is transferred to the Capital Adjustment Account.

1.10 Interest in Companies and Other Entities

The Council has interests in companies and other entities. Subject to the level of materiality and exposure to risk, these are consolidated to produce group accounts.

The Council had interests in ten other entities during the financial year:

- Warrington Borough Transport Limited
- Wire Regeneration Limited
- LiveWire (Warrington and Neighbourhood Community Interest Company)
- Culture Warrington (Warrington Cultural Trust)
- Catalyst Choices Community Interest Company
- Warrington & Co (Regeneration) Limited
- Warrington 2000+
- Warrington Sports Holdings Limited
- Birchwood Park (Jersey Property Unit Trust)
- Redwood Financial Partners Limited

Warrington Borough Transport Ltd is wholly owned by Warrington Borough Council and is categorised as a Subsidiary of the Council. This has been consolidated into Group Accounts (see Group Accounts).

Wire Regeneration Limited is a Joint Venture Company with Langtree Land and Property PLC, with each investor owning a 50% share in the joint venture. The Council's investment is shown as an available for sale investment asset on the single entity balance sheet.

Livewire is a Community Interest Company created by the Council for the provision of libraries and leisure centres within the borough. Culture Warrington is a charitable trust for the provision of the boroughs museum, and the two arts centres, Pyramid and Parr Hall. Both companies are categorised as Associates of the Council.

Catalyst Choices Community Interest Company is an employee owned mutual Community Interest Company created in February 2015 by the Council for the provision of adult social care in the borough, and is categorised as an Associate of the Council.

Associates to the Council would be consolidated into Group Accounts using the equity method of consolidation. However, the Council holds no equity in any of the associates, and as the Council does not have any equity and in accordance with IPSAS 7, the three entities would not qualify as Associates, and therefore there is no Group Relationship.

The Council has an investment of 22,222 shares valued at approximately £1,374,400 which represents a 12.81% shareholding in Warrington Sports Holding Ltd (WSHL), and is held as a long term investment by the Council on the Balance Sheet, and is shown as such in both the Single Entity and Group Accounts.

Both Warrington & Co and Warrington 2000+ are limited companies created by the Council. However, neither company is a trading entity therefore there are no transactions to consolidate within the Group Accounts.

The Council owns 99.9% of units in a Jersey Property Unit Trust, which itself owns 100% of Birchwood Business Park, this arrangement has been categorised as a Subsidiary to the Council.

The Council has an investment of 33% shareholding in Redwood Financial Partners Limited, that owns 100% of Redwood Bank Limited, this arrangement has been categorised as an Associate of the Council.

For more details regarding the consolidation of the Group Entities, please see Group Accounts.

1.11 Interest Receivable or Payable

The effective interest rate method is used to measure the carrying value of a financial asset or liability measured at amortised cost, and to allocate associated interest income or expense to the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to equal the amount at initial recognition. The effective interest is adjusted to the actual interest payment or receipt through the Movement in Reserves Statement to ensure only actual interest is charged to Council Tax.

For financial assets and liabilities carried at cost because the effective rate of interest is the same as the carrying rate of interest, the carrying value is adjusted for accrued interest.

1.12 Joint Operations (Better Care Fund)

The Council entered into an s75 agreement with NHS Warrington Clinical Commissioning Group, with the Council acting as the host. This is effectively a principal and agent relationship. Note 41 shows the expenditure and funding for the whole pooled arrangements. But, as the Council acts as the agent for certain transactions within the pool and principal for others, the single entity accounts only includes the transactions for which the Council is acting as the principal.

1.13 Investment Property

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 is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, in accordance with IFRS 13. Properties are not depreciated but are revalued annually according to market conditions at the balance sheet date (year-end). Gains and losses on revaluation are recorded in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

1.14 Joint Ventures

A Joint Venture is an arrangement under which two or parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

The Council has one joint venture with Langtree Land and Property PLC, which is not material and thus group accounts have not been produced, for more detail see Group Accounts.

1.15 Leases

In accordance with IAS 17 all leases are assessed and classified as to whether they are finance leases or operating leases. Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lesser to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases
Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. 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 and 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 and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases
Rentals paid under operating leases are charged in the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from the use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of 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 (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 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 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 recorded 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases
Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the 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.

1.16 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.

1.17 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 years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of the transactions, other events and the conditions on the Council's financial position and financial performance. Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

A change in accounting policy generally requires the disclosure of three Balance Sheets to reflect the impact on the current period, the end of the preceding period and the impact on the opening Balance Sheet of the previous period.

Changes in accounting estimates are accounted for prospectively i.e. in the current and future years affected by the change, there is no prior period adjustment.

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

1.18 Property, Plant and Equipment

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

Recognition

Assets are capitalised in accordance with the Council's capitalisation and componentisation policies.

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 Council does not have a formal de minimis level for capital expenditure. However in normal circumstances, individual items of expenditure below £10,000 would be treated as revenue expenditure, except in regard to vehicles, which by their nature can be purchased at an amount lower than £10,000. Where a specific case can be made for capitalising the expenditure where it relates to a capital grant, or where there are many items below the de minimis limit that in aggregate are above the limit.

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 capitalises borrowing costs incurred whilst material 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 carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

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

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value. Assets included in the Balance Sheet at fair value are revalued regularly to ensure that their carrying amount is not materially different from their fair value at the year-end. All PPE Assets are formally revalued over a 5 year period. Any PPE asset that is not formally valued in a financial year will have a desktop valuation undertaken at the end of the Accounting period to determine if there is any material difference that requires further consideration.

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:

- 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, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Revaluations
The Council carries out a rolling programme of revaluations that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. If material capital expenditure takes place on a capital scheme, the scheme in question will be revalued upon completion of the additional capital expenditure. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second–hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the fair values of the PPE property assets were for those assets valued on the Depreciated Replacement Cost method whereby they were valued by adopting the "instant build" approach as set in the Government Financial Reporting Manual. The Council carries out a revaluation of property assets classed as investment assets every year.

Impairment
Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset’s carrying amount during the period, that is specific to the asset
- evidence of obsolescence or physical damage of an asset
- a commitment by the Council to undertake a significant reorganisation
- a significant adverse change in the statutory or other regulatory environment in which the Council operates

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 as follows:

- 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 basis:

- dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line allocation over 3 to 10 years, dependant on the initial value of the asset or where the item is in fact a component of a land and building asset the asset is depreciated on a straight line basis over the useful life as estimated by the valuer
- infrastructure – straight line allocation over 40 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.

Revaluation gains are also depreciated, with an amount equal to the difference between fair 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.

Componentisation Policy
Component accounting is a concept involving the splitting of assets into significant component parts.

The main purpose of component accounting is to produce accurate primary statements with the cost of the use of an asset correctly reflected in the Comprehensive Income and Expenditure Statement by carrying the correct depreciation associated with non-current assets and also with the correct values of non-current assets presented in the Balance Sheet.

Components have also been depreciated over different lives than the host (main) asset and recognised where they have a significant value when compared to the value of the host assets.

The Council has adopted a policy that recognises that material assets when revalued i.e. assets that have a building value of over £500,000 are to be recognised separately. The component has to have a value of at least 20% of the building value and a useful life which is at least 20% lower than the asset as a whole.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset (or disposal group) 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 (or disposal group) 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 recorded 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 previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets (or disposal group) 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.

A 'disposal group' is a group of assets, possibly with some associated liabilities, which the Council intends to dispose of in a single transaction. The measurement basis required for non-current assets classified as held for sale is applied to the group as a whole, and any resulting loss reduces the carrying amount of the non-current assets in the disposal group in the order of allocation required by IAS 36.

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 Statement 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 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). 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. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Heritage Assets

Heritage Assets are tangible assets with historic, artistic, scientific, technological, geographical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Due to the cost of obtaining valuations for Heritage Assets outweighing the accounting benefit, especially in the current climate of local government funding cuts, the policy adopted is to carry these assets at their insured value.

A de minimis level of £10,000 has been established for inclusion of Heritage Assets on the asset register. Any assets with a value of less than the de-minimis are not significant, e.g. fossils, minor water-colour paintings etc. The Council does not hold any Heritage Assets which have a value in excess of the de minimis which are not disclosed on the Balance Sheet.

Any new Heritage Assets will be recognised and subsequently measured at valuation or cost. For significant Heritage Assets donated to the Council a valuation will be obtained where possible, at which value the asset shall be recognised. If a valuation cannot be obtained, the asset will not be recognised on the Balance Sheet but will be disclosed in the notes to the core financial statements, along with the reason why a valuation cannot be given.

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment.

No depreciation is charged on these assets as they are deemed to have indeterminable lives.

Any disposals will follow the Council's de-recognition of Non-Current Asset Policy, including the legislative arrangements to ensure no impact on the General Fund for gains and losses on disposal.

Further details on Heritage Assets can be found in note 22 to the accounts.

1.19 Private Finance Initiative (PFI)

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

The Council has two housing PFI schemes. Anson and Blenheim Close where the operator was responsible for constructing 105 new dwellings for social housing, the maintenance of the properties and tenancy management services. John Morris House is the second scheme where the operator was responsible for constructing 38 new self-contained flats for social housing and the maintenance of the properties together with a tenancy management service. These PFI schemes have been accounted for as in the paragraph above.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For John Morris House the liability was written down by an initial capital contribution of £395k. No applicable contribution was recorded for Anson and Blenheim Close.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – an interest charge of 5.718% for John Morris House and 9.040% for Anson and Blenheim Close on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and is recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out

With both the Council's PFI schemes the operator is allowed to retain third party income (the operator keeps all the rental income from the dwellings). This is accounted for by the credit side of the PFI scheme being pro-rated between a finance lease creditor and a deferred income balance. Essentially, the deferred income balance represents the benefits that the Council is to receive over the life of the contract. This balance is then released to the Comprehensive Income and Expenditure Statement over the life of the contract.

The MRP charged on the Council's two PFI schemes will be reversed out of the accounts via the Capital Adjustment Account.

1.20 Provisions

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. In accordance with the Code, provisions are made when the Council has a present obligation (either legal or constructive) as a result of a past event; it is probable that a transfer of economic benefit will be required to settle it; and a reliable estimate can be made of the financial obligation. If it becomes probable that a transfer of economic benefit is no longer required to settle the obligation, the provision is reversed.

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.

1.21 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 against the Surplus of Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The appropriate reserve amount 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, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

1.22 Self Insurance

The Council maintains an Insurance Fund to meet the excess amount of any insurance claims not covered by its external insurers and to self-insure for a number of risks. The Fund consists of an Insurance Provision to cover known actual claims made and an Insurance Reserve which provides an additional contingency to meet further claims.

1.23 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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.

1.24 Revenue Recognition

The revenue recognition policy covers the sale of goods (produced by the Council for the purpose of sale or purchased for resale), the rendering of services (excluding services directly related to construction contracts), interest, royalties and dividends, non-exchange transactions (i.e. council tax) and where previously a liability had been recognised (i.e. creditor) on satisfying the revenue recognition criteria.

Revenue is recognised and measured at the fair value of the consideration receivable. However, if payment is on deferred terms, the consideration receivable is recognised initially at the cash price equivalent. The difference between this amount and the total payments received is recognised as interest revenue in the Surplus or Deficit on provision of services. Short duration receivables with no stated interest rate are measured at original invoice amount where the effect of discounting is immaterial. There is no difference between the delivery and payment dates for non-contractual, non-exchange transactions i.e. revenue relating to council tax and business rates, and therefore these transactions are measured at their full amount receivable.

1.25 Value Added Tax (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.

1.27 Local Taxation

The Council is a Council Tax and Business Rates Billing Council collecting on behalf of other authorities as well as itself. The collection on behalf of other authorities is treated as being on an agency basis and thus only the elements of Council Tax and Business Rates that relate to the authorities are included in its main financial statements. The collection fund account covers all local taxation collected by the Council on behalf of itself, other local authorities and the government.

1.27 Schools

Schools

As per Appendix E of the 2017/18 Code, schools are to be classified as entities in their own right and as such should be consolidated into the Council's Statement of Accounts. The Code allows local authorities to consolidate the schools into their single entity accounts, rather than prepare group accounts.

The number of maintained schools that are held on the Council's asset register are:

Category	**Number of Schools**
Infant School	2
Junior School	2
Nursery School	1
Pupil Referral Unit	1
Primary School	30
Secondary School	4
Special School	6
Total	**46**

Asset Transactions Relating to Voluntary Aided Schools

The Council has assessed the rights, benefits and obligation of Voluntary Aided (VA) Schools and has determined that although the school assets is owned by the Diocese, the school as an entity in its own right, receives all of the benefit of the school building for its finite useful life and should therefore be consolidated into the Council's Balance Sheet in a similar fashion to PFI assets. The Council does not consolidate, however the school land as this has an indefinite useful life and could be used by the Diocese in the future for other purposes.

1.28 Fair Value Measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments 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 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 authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants' acts in their economic best interest.

When measuring the fair value of a non-financial asset, the authority 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 authority 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 authority'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 authority 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.