

WARRINGTON

Borough Council



2019/20 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 2020 and is structured as below:

1. An Introduction to Warrington
2. Performance Commentary for 2019/20
3. Financial Performance
4. Principal Risks and Uncertainties
5. COVID-19 Impact
6. Explanation of the Financial Statements
7. Receipt of Further Information
8. Acknowledgements

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 209,500 representing a 5.7% 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 83% are economically active compared with a national average of 79%.

There are 99,330 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 9,475 business enterprises in the Borough employing over 134,000 people. The unemployment rate in Warrington is low at 3.2%, compared to that of the North West (4.1%) and all of Great Britain (3.9%) (2019). This reflects a high functioning economy. There are broad and diverse range of employment options available, with Professional, Scientific & Technical Activities making up the largest share of employment at 17.2% (Broad Industrial Categories). There is a nuclear industry cluster and a number of back office operations, specifically call centres, located in the borough.

Warrington also has one of the highest Gross Value Added (balanced) per head of population at current basic prices in the North West for 2018. Warrington has an average of £35,686 (which is higher than the North West at £25,118 and England at £29,356).

The Council's operating revenues amounted to £486.821m in 2019/20. However, a sizeable chunk of this is related to services that are essentially pass-through. For instance, the central government funds £102.407m (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 £115.595m in 2019/20.

Council tax of £100.602m (note 12) in 2019/20 funds over half of the direct budget requirement. Council taxes were increased by 2.98% in 2019/20, as the Government temporarily raised the limit above which local authorities are required to hold a referendum for approval from 2% to 3%. Band D Council Tax (excluding precepts) was £1,436.15 in 2019/20.

Revenue Support Grant (Government Funding) declined to £5.814m in 2018/19 from £10m the previous year. The 2019/20 year saw further declines to £1.343 million and this revenue source will continue to decline and be completely eliminated in 2021/22, creating financial pressures for all local authorities. Due to cuts in Government funding the Council have made £67m (19/20 £22.2m; 18/19 £15.5m; 17/18 £8.8m; 16/17 £20.5m) of savings over the previous four years and plan to make a further £43m of savings over the four year period from 2020/21.

However, Revenue Support Grant accounts for just 1% 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 £31.9 million in 2018/19. In 2019/20, this increased to £33.957m (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. 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.

Warrington Borough Council employs 5,244 people (2,662 WBC, 2,582 schools).

The composition of the Council is currently:

- 43 Labour Councillors
- 11 Liberal Democrat Councillors
- 1 Conservative Councillor
- 3 Independent
- 58 Council members

The Council has adopted the Leader and Cabinet 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 Cabinet, 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 Leadership Team (SLT), led by the Chief Executive, Professor Steven Broomhead. The Council is divided up into four Directorates Growth, Environment and Transport, 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.

COVID-19 PANDEMIC

The Government's lockdown announced on 16 March 2020, continues to have significant impact on Council Services and major financial implications as it does for all Councils nationally. The Council has had to put considerable additional resources into protecting the most vulnerable in our communities and ensuring that the local economy is protected.

The Council has played a critical role in helping to lead the local response to COVID-19, both through its own services and via co-ordination with partner bodies. The aim has been to save lives, protect the NHS, ensure our residents are protected, help support those residents who need to shield as part of particularly vulnerable groups in the community and that crucial public services continue to operate.

Having put in place detailed business continuity plans and conducted a wide scale home working test the Council was able to respond quickly following the emergency announcement and subsequent restrictions imposed on 23 March. Non-essential services were curtailed or stopped and, where possible, staff identified for redeployment into activities that have been critical to our emergency response. For those officers who cannot work from home, such as those engaged in refuse collection, working practices have been adapted to ensure their health and wellbeing.

We began our internal preparations in January 2020, taking Public Health advice on the situation as it developed across the world. We mobilised and responded rapidly internally, forming an internal COVID-19 response group, Chaired by the Chief Executive. From 11 March, we participated in weekly strategic coordinating group (SCG) meetings across Cheshire.

It was clear from the outset that we needed to protect our elderly, frail and most vulnerable people and adult social care was pivotal in our initial response to coronavirus.

Adult social care services have responded by:

- Establishing Triage and Provider Response hubs, which were set up at an early stage and include dedicated email and telephone numbers for different groups

of services to co-ordinate responses. The hub has an infrastructure in place to support the most vulnerable people in the community and has dealt with 976 contacts since mid-March.

- Escalating Personal Protective Equipment (PPE) issues early on to ensure a local, co-ordinated response was in place. Arrangements for mutual aid were rapidly put in place, including delivery to care homes in emergencies.
- Providing strong leadership and support for care providers, through regular communications and guidance. From the beginning, we contacted individuals twice a week and all care provider teleconferences focused on specific service types (care homes, supported living, day services).
- Working with providers to develop emergency outbreak plans. This included setting up safe isolation homes, so people with learning disabilities can be cared for and self-isolate safely.
- Working closely with homelessness and domestic abuse services to ensure they are stable and maintained.
- Leading financial and support plans targeting care homes, alongside the Clinical Commissioning Group (CCG) and Public Health, for homes that have seen their occupancy fall.
- Providing additional therapeutic bed capacity to support hospital discharge. The hospital discharge team was successful in gaining the hospital's CEO award for their contribution to the hospital in creating bed capacity.
- Establishing a rapid community response service to support people with rapid access (within two hours), enabling people to remain at home and avoiding a hospital attendance and/or admissions— 157 people have benefited from the service, of which 92% have been supported to remain at home.
- Putting in place financial measures and making payments to care providers in advance, to ease cash-flow issues. Since March, we have issued Phased Financial Grants of £1.75m to all key providers to cover the additional costs of managing COVID-19. This financial support was aligned with the CCG to make it easier for providers to manage.
- Creating additional Carecall capacity, through volunteers and redeployed staff to ensure a guaranteed 24/7 response.
- Recruiting new adult social care staff through successful recruitment campaigns. We have recruited 13 staff to our Intermediate Care at Home service, 12 for our Intermediate Care bed-based unit at Padgate, two returning social workers and two casual Carecall operators, plus 10 candidates have been passed to external providers for possible recruitment. Much of this was made possible by converting the majority of the induction programme to e-learning at pace.

It's been an incredibly important and busy time in children's services while responding to COVID-19. Supporting children and families, particularly during the pandemic period, has been a key priority.

Children's Social Care developed a risk assessment and decision making tool to ensure that those children and families that need to be seen are seen safely. Face to face visits to families have continued to take place whenever it is safe and possible to do so.

Social workers are creative in their approach to seeing children where they can't be seen face to face, making use of direct work that can be completed virtually via Skype and Whatsapp. We have had positive feedback from some young people saying they have enjoyed speaking with their social workers in this way and even after the pandemic period we will look to leverage digital tools to communicate with our young people.

PPE has been a challenge for Children's Social Care, like many others. We have followed Public Health England (PHE) guidance and worked with colleagues in Public Health to determine the approach we have taken to visits with PPE.

Our children in care have been unable to spend time with their families. However, we have been using technology so children are seeing their family via video calls. Importantly, multi-agency meetings are also continuing, to ensure families are receiving the support they need. Most of these meetings are taking place virtually.

April 2020 saw a 35% reduction in contacts to the MASH (front door of Children's Social Care) compared to the same period last year. There has been a particular decrease in the number of contacts to MASH from schools and health partners. There has been increase in contacts and the number of children progressing to referral in May.

In response to potential increases in pressure on our residential teams, we opened a new children's home in 24 hours which is being registered with Ofsted. We have prioritised our residential service as a whole and have continued to ensure it is properly staffed as a priority with clear contingency plans.

The Council provided Public Health leadership and advice to the region. We contacted over 9,000 people on the shielded vulnerable list.

The Council worked closely with schools to manage school closures for all except the children of key workers and is similarly engaging on the re-opening of schools. All homeless people were accommodated in the local Travelodge.

The Council has actioned a range of other Government initiatives to provide support to local businesses in the form of the administration of Business Grants and the application of additional Business Rate reliefs. Adopting the measures set out in the Government's Procurement Policy Note 2, the Council has introduced measures to ensure suppliers at risk are able to resume normal contract delivery once the outbreak is over. Immediate payment terms have been introduced for suppliers, and where

appropriate, the Council has paid in advance of normal contractual terms, made interim payments and paid on order rather than on receipt of goods. We were allocated £36.5m of funding to support our businesses and have so far distributed 92% of our allocation, around £33.8m, to those who are eligible to receive funding support.

The Council has relaxed compliance measures in relation to Council Tax and Business Rates collection and allowed Council Tax payers and businesses to defer payments for the first three months of 2020/21 with revised payment plans over July to March 2021. The Council is also applying the Government's hardship relief scheme to Council Tax payers of working age in receipt of Council Tax Reduction.

Enabling our communities to continue to engage with our democratic processes has been of vital importance. We have adopted a shift to remote/virtual formal council meetings, including Cabinet and Development Management Committee for the first time. These have been facilitated by the development of new procedures and incorporating new technology. We have also used remote meetings of the schools admissions appeal panel for the first time, using amended legislative procedures, and have worked with the courts to continue important cases digitally, including virtual court hearings.

COVID-19 additional costs did not have a dramatic impact on the financial outturn for 2019-20 as the pandemic only began to make a noticeable impact in the last two weeks in March. However, the major impact on the Council's finances will be felt in 2021/22 and beyond. Significant additional expenditure has taken place across services with the largest area of additional spend being within Adult and Children's Social Care, homelessness, support for business, supporting the voluntary and community sector and hardship support for residents. The Council is also experiencing substantial losses across many of our income streams. These include business rates, council tax, parking, leisure services, commercial income, regulatory and planning fees. Difficulties in meeting Medium Term Financial Plan budget savings are also forecast.

The financial implications are being captured and reported regularly to the Ministry for Housing, Communities and Local Government (MHCLG). The Council has received £12.8m of COVID-19 related funding (£5.3m received in 2019/20) The Council is forecasting gross pressures from costs, loss of income and non-delivery of efficiency proposals for 2020/21 in the order of £30m assuming services start to return to normal in the latter part of the year. This could significantly increase should the crisis continue to impact thereafter.

The Council has sought over recent years to build up its reserves to ensure it is financially resilient. Should the Government not make good on their promise to cover the costs of Councils of the pandemic, these reserves will be severely tested and reduced. The level of uncertainty about the impact of the crisis and its duration, coupled with an uncertain funding position for the financial impact faced, means the financial position in future years is unclear.

In terms of the Council's treasury management, the initial reaction to the COVID-19 crisis in March meant that nationally short term liquidity became difficult for many Councils, as for example local authorities held on to their cash balances in reaction to

the uncertainties. However, after the initial uncertainty the markets have returned to a more ‘normal’ position, with increased willingness for lending to counterparties. Government has also sought to assist cash flow by providing up front funding as far as possible, both in terms of the grants to businesses administered by the Council on its behalf and the funding to the local authority itself (under the business rates retention scheme). The Council at the end of 2019/20 had a positive cash flow position and did not have any cash flow issues or forecast any in year.

It is important to note that the deadlines for the preparation of the Accounts have been changed for 2019/20. Having considered the impact of the COVID-19 pandemic and in consultation with key stakeholders, the Ministry of Housing, Communities and Local Government (MHCLG) introduced the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 which have amended the Accounts and Audit Regulations 2015.

The draft Accounts must now be submitted for audit by 31 August 2020 rather than 31 May 2020 and the timeline for the conclusion of the audit is now 30 November 2020 rather than 31 July 2020.

The Council’s commercial property portfolio has performed well during the COVID-19 pandemic, with a large percentage of rents collected in the period. This is largely down to it not containing a large exposure to retail property. The pandemic has also only had a marginal impact on the Council’s companies.

The commitment and response from staff has been exemplary, with many staff working weekends and evenings to ensure residents and communities are supported across Warrington. The Council’s Senior Leadership Team have been issuing regular communications to staff, in order to highlight support on offer to them during this period and to thank staff for their efforts.

The Council will bring forward to Cabinet in September our ‘recovery plan’ for Warrington which will have focus on people, place and the organisation, and will also be aligned to our wider Corporate Strategy and priorities.

PERFORMANCE COMMENTARY FOR 2019/20

Warrington Council’s vision as set out in the refreshed corporate strategy 2019/20:

“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 2019/20 and targets were set for each of these. In addition, there are a number of key projects underway in line with these priorities. It should be noted that during the end of the financial year the current coronavirus pandemic has impacted on some of our services and as a result performance.

Opportunities for the most vulnerable

There is a steady decline in the number of children in care. The numbers as of the 31st March 2019 were 385, this reduced to 365 at the end of December 2019 and has now fallen to 363 at the end of March 2020. The rates of children in care per 10,000 have decreased from 86.2 to 81.6 per 10,000. There is still a significant gap with National (65) and Statistical Neighbour rates (65). However, information regionally and nationally would suggest that whilst our children in care numbers continue to fall, the numbers in other local authorities are increasing, therefore the gap is closing. We are below/better than the North West average of 94.

The Council is developing a new domiciliary care model for adult social care. The domiciliary care tender went live in February 2020 but was unfortunately paused in early March due to the impact of COVID-19. The plan is to revisit this later in the year and restart the tender, subject to the market conditions. Similarly phase 2 of the adult social care transformation programme was due to be launched in March but has been put on hold due to the pandemic. The programmes aim is to transform services to continue to manage demand and ensure sufficiency of provision, whilst delivering efficiency targets.

The Council is currently working with one of the Multi-Academy Trusts to develop the foundation for an Education Partnership Board that will drive our strategic approach to school improvement. One of our current Head Teachers will be joining our school improvement team later in the year. The Education Endowment Partnership work on emphasising evidence-informed working and practitioner led input is progressing well but has recently been delayed due to COVID-19 and school working restrictions.

The Council has now turned the curve and numbers entering care are lower than the numbers being discharged. In part this is due to both a robust pre-proceedings process and a focus on the Discharge of Care Orders. We anticipate a further increase in number of Discharge of Care Orders (COVID-19 permitting); to Special Guardianship Order (SGO) or No Order. A locum solicitor has been appointed to focus on this area of work and an additional SGO worker will be appointed to further push this work through. This should see a further decrease in our Child in Care population.

The Mental Health Outreach team have consistently performed about target despite the increased complexity of referrals, which continues to increase year on year. In quarter 4 a total of 141 people have not come back into service out of 192 closures (73.4%) which is over the target of 66%. The team often have an unallocated caseload which means that there are occasions where individual needs have increased by the time the service are able to engage. Following closure the team have no control over the issues that individuals may face.

A Local Government Association (LGA) review of Warrington's Special Schools has taken place and a key outcome was the review of the level of top up funding paid to our special schools to reflect inflationary increases. As a result the Council and schools have jointly funded a Special Educational Needs and Disability (SEND) Service Development Manager whose responsibility is to lead on delivery of the SEND Inspection action plan.

In Warrington, 97% of primary schools, 77% of secondary and 100% of special schools are judged good or outstanding.

The percentage of older people who were independent 91 days after discharge following re-ablement at quarter 4 (those that were independent during January - March) was 78.5% which is lower/ worse than the target of 85%. This figure relates to 146 out of 186 instances. Previous target outruns have been better than the target set. There were 40 cases where Reablement was unsuccessful, this was due to users needing to go back into hospital (13 cases), users needing to go into residential care (10 cases) and those that passed away (17 cases). Further work is ongoing to understand the operational impact on the quarter 4 performance outturn. Early findings suggest the service has been affected by the increased volume of referrals coming from the Integrated Hospital Discharge Team who are now referring cases into the Reablement service that would previously been Delayed Transfer of Care (DToC) clients.

The most recent reportable DToC data is quarter 3 19/20 (October 19 – December 19), which showed there were 1228 delayed days, under the target of 1748 (59% were NHS delay, 35% were social care delays and 5% were both). In quarter 3, patient or family choice accounted for 26.3% of all delays followed by awaiting care package in own home (19.5%), awaiting nursing home placement (19.5%) waiting further NHS non-acute care (18%) and completion of assessment (8%). Performance has much improved during 2019/20 in comparison to the previous year. Monthly averages in 2018/19 were approximately 635 delayed days per month, however during 2019/20 we have seen monthly averages of approximately 484 delayed days. Performance continues to improve and fewer people are experiencing delays compared to the North West and England averages (per 100,000 18+ population). The most recent published data (February 2020) shows Warrington was ranked 8th best out of the 23 North West authorities, with a total of 478 delayed days.

A key priority for the Council is ensuring there are business continuity arrangements in place and tested should there be a major emergency or flu pandemic. Worldwide the coronavirus pandemic continues to escalate. The Integrated Pandemic Flu Plan for health, social care and education that was in place in Warrington provided a very good starting point for responding to the issue locally, however many of the planning assumptions that are inherent in pandemic flu planning needed to be refined and adjusted for COVID-19 due to differences in how we understand the new virus to be transmitted. The work undertaken on business continuity planning, both internally within the Council and with our partners and providers has meant that we have very quickly been able to step down non-essential services in order to focus work where it is needed in responding to the pandemic.

Grow a strong economy for all

The latest Centre for Cities economic analysis report again puts Warrington in the top 10 of places in the country for business growth activity. The occupancy levels at Birchwood Park are at record highs and the area is performing strongly, benefiting from the recent improvements to the surrounding highways and access to the M62.

The Business Improvement District (BID) launched a "Warrington is Happening" destination marketing campaign in November aimed at promoting the town to draw in visitors and customers. The campaign directs people to a new one-stop destination website (www.warringtonishappening.co.uk), that will allow residents and visitors to discover places to shop, drink, eat and explore in the town centre as well as finding out about seasonal attractions taking place in Warrington. During 2019, Warrington BID has invested over £40,000 to help bring large-scale events to the town centre to drive footfall including the Warrington Music Festival in May, the Museum of the Moon installation at Parr Hall in October and most recently, a £12,000 donation to secure the ice rink at the Old Market Square from November to January.

The development of Warrington's fourth Local Transport Plan (LTP4) is now complete and was approved by Cabinet and Full Council in December 2019. The LTP4 contains an updated vision for transport in Warrington which looks to transform the way we travel in and around the borough and a number of theme based delivery plans to support the vision. The LTP4 was subject to public consultation in parallel with the draft Local Plan during May and June 2019. The delivery of LTP4 is now underway, with a study into the more transformational elements of the plan, such as improving accessibility of the Last Mile into and out of the town centre, developing strategic cycle corridor schemes as part of the Local Walking and Cycling Improvement Plan (LCWIP) and investigating quick win bus priority measures leading to a longer term version for Mass Transit.

The Council continues to support external partners to encourage travel behaviour which reduces the reliance on the private car and increases residents' access to job opportunities. Particular success continues to be had around the Omega and Lingley Mere sites, with a strong cycling culture being created and successful public transport services like the B52 bus in place.

Strong relationships continue to be maintained with businesses in Birchwood, with Birchwood Park funding a series of travel promotional activities which the Council co-ordinate and deliver across the sites. A new Senior Travel Advisor funded by partner contributions and S106 funding is now expanding the activity in this area making new connections and partnerships as new sites engage.

The Warrington East project, a series of transport and highways improvements on Birchwood Way, has officially been completed. The completion of the third and final phase of the project is a significant milestone for east Warrington. It brings to an end the major programme of improvements for the area. The Phase 3 project consisted of the dualling of the A574 Birchwood Way between the Moss Gate/Daten Avenue junction and M62 junction 11 and was opened to traffic in December 2019. The new carriageway has been constructed on land reserved for this purpose since the Northern Expressway was first built in the mid-1970s as part of the Warrington New Town highway network. The overall project, now complete, will play a key role in

supporting the local economy, including the Birchwood Enterprise Zone, Birchwood Boulevard, Birchwood Shopping Centre and all other employment sites in the area.

Warrington West rail station officially opened in December 2019. The £20.5m station - funded by Warrington Borough Council, the Department for Transport, developer contributions and Cheshire and Warrington Local Enterprise Partnership – is providing rail travellers in the west of the town with fantastic facilities and great links to Warrington, Liverpool and Manchester. The project was delivered by Balfour Beatty with the support of Network Rail. Work began on the station, part of the Chapelford development, in January 2018.

There has been significant progress with our major regeneration projects. The Time Square Development Programme saw the opening of the cinema and the Botanist. The new Council offices completed but the move by Council staff halted due to COVID-19. The Council continues to engage occupiers for the leisure units.

Build strong, active and resilient communities

2019 saw an excellent set of results at KS4. It shows an increase of 4.5 percentage points in the achievement of Grade 9-4 (standard passes) in English and Maths and an increase of 2.7 percentage points in the achievement of Grades 9-5 (strong passes) in English and Maths. Compared to the North West average, Warrington achieved 8.8 percentage points above for Grade 9-4 in English and Maths and 8.2 percentage points above in Grade 9-5. Compared to the national average, Warrington achieved 6.8 percentage points above for Grade 9-4 in English and Maths and 5.9 percentage points above in Grade 9-5.

Warrington's Attainment 8 score has improved by 1.6 compared to 2018 and is 3.3 above the North West average and 2.1 above the national average. The local target is 52.

The Central Neighbourhood Masterplan has been completed and presented to relevant boards and bodies. The community will receive feedback on the plan, the key outcomes and recommendations. The performance management of the plan and delivery of the work streams are now being developed.

A new three-year Library Strategy for Warrington has been published following a consultation period. The strategy sets out the ambitions for Warrington's libraries. Work continues on library business cases, albeit at different speeds. All local working groups have been fully engaged. Warrington's libraries service was confirmed as 'very good' by the Local Government Association. A two-day library services review was carried out in Warrington in February by the Local Government Association (LGA). Key areas of praise included:

- A strong commitment from the Council and LiveWire to maintaining and improving the standard of libraries in the borough
- Improved community engagement which is supporting the library service's improvement plans
- Good marketing and awareness of the library offer

- A committed workforce
- Proof of good, innovative practice

Work on Warrington Youth Zone was formally due to start in April 2020 with completion in July 2021 with a formal opening in September 2021, but this is currently delayed until the service diversions are finalised and contractors can commence on new sites. Legal documentation is in the process of being finalised alongside the legal agreement as to how the Council's contribution will be paid.

The Housing Companies commercial loan agreements have been signed and the accountancy system is now active. Detailed proposals are being brought forward for specialist retirement properties on two further sites (125 units). Redevelopment of New Town House is also undergoing evaluation for 320 apartments. Detailed planning applications for the schemes at Sycamore Lane and Chatfield Drive (Foxwood) have been submitted and an expected determination date is expected in June 2020. The revised start on site date is estimated to be early September 2020. Detailed design work is underway on the communal green heating schemes for the new properties.

Create a place to be proud of

The Council works in partnership with local communities and Parish Councils to provide enhanced standards of street and greenspace maintenance, focussing upon litter picking and grass cutting. These arrangements have resulted in a significant increase in standards in parishes such as Birchwood, Lymm, Stockton Heath and Burtonwood and make a tangible improvement to the look of the borough. There are well established groups of local community volunteer litter pickers who work with our street services to undertake litter picking activities targeted at known problem areas and high profile locations across the town.

Our Friends of Parks voluntary groups operating in the town's parklands make a significant contribution to the management and development of greenspaces, undertaking maintenance works, staging events, engaging with hard to reach groups and applying for third party funding for site improvements.

Whitecross Park play area has been revamped with a £90,000 makeover. The Council completed the play area revamp, transforming the look and feel of the area, and making it fully inclusive for children of all abilities. Improvements include the replacement of previous play equipment with brand new equipment and the levelling of the far corner of the play area, which was previously sloped. The investment has also seen the play area, aimed at children aged 2-8, given a 'Sankey Canal' theme – complete with paintings of water, canal boats, swans, fish and ducks. All were chosen following consultation with the community.

The Warrington Hate Crime Action Alliance, won the prestigious national award at the NO2H8 award ceremony. The Alliance is made up of Cheshire Police, Warrington Borough Council, Warrington Disability Partnership, Youth Council, WECA, Speak Up, community representatives, NHS Warrington CCG and North West Boroughs Healthcare NHS Foundation Trust. The group won the Local Authority Upstander Award for its partnership approach to tackling hate crime in Warrington. This particular

award is given to a local authority that has implemented or undertaken extensive work on tackling hate, intolerance and bigotry. The Warrington Hate Crime Action Alliance was nominated by Bewsey Lodge Primary School, who described in detail the positive work the partnership does in association with the police, communities, volunteers and charities as well as the Wise Up Awards.

Delivering our Vision

The Council has developed a new 4 year corporate strategy, with the pledges and priorities approved by Cabinet in March.

Social Value measures have been developed and are now widely used in the Council's tender and quote processes. Further training will be given to Council employees on this and Social Value measures are being built into the Chest (procurement) system.

The Warrington 20:20 digital transformation programme continues to make great progress. The programme has delivered a range of improvements including bulky waste collections, digital garden waste subscriptions and bin ordering, E-recruitment, new starter process, and new Council website. The online bulky collections services immediately resulted in a 58% channel shift.

The Council's mandatory learning modules are now well established for employees and new modules will be added in the near future. The Training prospectus has been reviewed and a full programme of training is delivered out of 'The Warrington Training Hub'. Over 100 apprenticeships are in train – in excess of the targets set by central government - and we are about to launch opportunities for management and leadership degrees using the apprenticeship levy.

Take up of apprenticeships continues to increase. 55% of the levy was spent in quarter 4. Of the 55% approximately 11% was spent by schools.

The Council's Registrars service has achieved a high level of service during the past year which has been recognised by the General Register Office (GRO). The service has exceeded the national target for Medical Certificate of Cause of Death (MCCD) death registrations of 90% (Warrington performance was 93%). This is attributed to the robust management of the appointment system. Timeliness for birth (99%) and still-birth registrations (100%) also meet or exceed the national targets of 98% and 100% respectively. Additionally, the service have met or exceeded the performance targets for appointment availability for deaths (actual 98.02%), still-births (actual 100%) and notice of marriage and civil partnership (actual 100%).

80.5 % of FOIs have been responded to within timescale during the period April 2019 to March 2020. Since April 2019 we have received 1261 FOIs.

The average days lost to absence at the end of quarter 4 was 14.29 per person. This was an increase from 12.48 in the previous year. 67% of the absence was as a result of long term absence.

The Council has adapted, changed and dealt with different challenges during the pandemic. We continue to work closely with our partners across the town to ensure residents are supported and maintain the right care. Our employees have adapted to new ways of working whilst focusing on delivering services and keeping the town running.

While the Council's underlying financial monitoring structures remain in place and are robust, the financial pressures arising as a result of COVID-19 are currently significant. The guidance and funding for COVID-19 continues to develop from Central Government and the Council continues to evaluate its financial position in this context.

The move to the new Council office is almost entirely on hold with contingency planning in place to restart the move as and when the government advise.

FINANCIAL PERFORMANCE

Revenue Outturn

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

The Council's 2019/20 revenue outturn position is shown in the table below. The original budget set at the Council meeting in 25 February 2019 was £132.998m. As the year progressed various amendments to the Council's budget took place. This resulted in total changes of £17.404m. Quarterly budget monitoring reports are received by the Council's Cabinet during the year.

Despite the emerging costs and loss of income as a consequence the COVID-19 pandemic the outturn for the Council is an overspend of £0.295m after making contributions to and from reserves. This reflects the strong financial management arrangements that are in place through the budget monitoring and financial planning processes.

The table below reports the Service specific information in the form of the Council's management accounts. The table summarises the Council's outturn position and further details can be found on the Council's website (see Cabinet Agenda July 2020).

	Budget £'000	Actual £'000	Variance £'000
Corporate Services	5,474	5,965	491
Families & Wellbeing	103,195	108,925	5,730
Environment & Transport	19,650	18,978	-672
Growth	2,140	1,847	-293
Corporate Financing	-14,864	-19,825	-4,961
Movement in General Fund Reserve	115,595	115,890	295

* a minus figure represents an underspend

The Corporate Services Directorate which provides the Corporate Services function to the Council recorded an overspend position of £0.491m. Changes in policy for DBS checks and a reduced level of housing benefit grant as a consequence of migration to Universal Credit are contributors to the overspend together with historic savings that have not yet been achieved. The Medium Term Financial Plan (MTFP) 2019/20 saving target for the Directorate was £0.405m, of which £0.261m (64%) has been achieved.

The Families and Wellbeing Directorate recorded a core activity outturn overspend position of £5.730m. The most significant areas of overspend across the Directorate are Adult Social Care (£2.270m), largely within care purchase and Children Services (£3.558m), predominately within the Children in Care division.

The MTFP 2019/20 saving target for the Directorate was £6.322m, of which £3.606m (57%) has been achieved.

Environment and Transport Directorate recorded an underspend position of £0.672m. There are a number of factors across the Directorate that account for this including additional income from Planning fees, increased income from bus lane enforcement, a reduction in spend across Fleet & Depots and an increase in green waste income.

The MTFP 2019/20 saving target for the Directorate was £0.951m, of which £0.534m (56%) has been achieved.

Growth Directorate recorded a underspend position of £0.293m. The main areas of underspend are within Property and Estate Services. The MTFP 2019/20 saving target for the Directorate was £0.112m, of which £0.112m (100%) has been achieved.

Corporate Finance, which manages the Corporate Budgets for the Council (e.g. Treasury Management, VAT, Concessionary Travel), recorded an underspend £4.961m This position reflects significant returns in Treasury Management, Investment Property and Capital Financing performance.

In closing the 2019/20 accounts the Council was able to increase reserves by a net £23.606m principally due to one off savings on Capital Financing restructuring.

The first tranche of the Governments emergency COVID-19 funding was received by the end of March 2020 and this has also been carried forward into 2020/21 as an earmarked reserve.

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 25 February 2019, Council approved a three year capital programme of £735.357m incorporating a 2019/20 capital programme of £404.298m. Revisions to the capital programme to incorporate slippage, additions and deletions take place in-year and are reported to the Cabinet on a quarterly basis. In-year revisions totalling (£44.402m) took place in 2019/20.

The table below shows that the Council spent £218.437m on its capital programme in 2019/20, representing a delivery rate of 61% 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.

2019/20 Capital Programme

Capital Programme	2019/20 Quarter 4 Budget £m	2019/20 Capital Outturn £m	2019/20 Variance £m	% Spent
Families & Wellbeing	11.102	8.031	- 3.071	72%
Corporate Services	5.164	5.887	0.723	114%
Environment & Transport	51.284	46.966	- 4.319	92%
Growth	13.192	11.631	- 1.561	88%
2019/20 Capital Programme (excluding Invest to Save)	80.742	72.514	- 8.228	90%
Invest to Save Programme	279.154	145.923	- 133.231	52%
2019/20 Invest to Save Programme	279.154	145.923	- 133.231	52%
Total 2019/20 Capital Programme	359.896	218.437	- 141.459	61%

2019/20 Capital Financing

Capital Programme Funding	2019/20 Quarter 4 Budget £m	2019/20 Capital Outturn £m	2019/20 Variance £m
Unsupported Borrowing - Corporate	45.783	39.917	- 5.866
Unsupported Borrowing - Invest to Save	279.146	145.922	- 133.224
Capital Grants and Reserves	19.023	15.938	- 3.085
Capital Receipts	4.295	4.820	0.525
Revenue Funding	0.298	0.354	0.056
External Funding	11.351	11.486	0.135
2019/20 Capital Programme Funding	359.896	218.437	- 141.459

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 2020/21 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 Cabinet.

The variation of £44.402m 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 (£105.500m). Other schemes that slipped in 2019/20 were Solar Farm Projects (£18.361m), Loan to Local Enterprise Partnership (£10.000m) and Street Lighting Energy Carbon and Asset Improvement (£3.944m).

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 2019/20 were Time Square.

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

- **Primary Schools – Total Spend £1.206m**
- **Secondary Schools – Total Spend £2.267m**
Great Sankey High School Expansion - £1.980m
- **Customer & Business Transformation – Total Spend £2.924m**
Customer & Business Transformation - £1.897m
ICT - £1.027m
- **Environment & Transportation – Total Spend £46.966m**
Cenotaph Riverbank Stabilisation - £1.309m
Centre Park Link - £5.129m
Highways Maintenance Investment - £5.318m
Road Maintenance - £1.387m
Omega Local Highways Phase 3 - £1.048m
Parks & Open Spaces - £1.052m
Refuse Collection Vehicle Replacements - £3.050m
Walton Estate - £1.226m
Warrington East Phase 2 - £4.368m
Warrington East Phase 3 - £5.622m
Warrington West Station - £5.970m
Western Link - £2.279m
- **Invest to Save - Total Spend £145.923m**
Birchwood Park - £11.178m
Time Square Project - £38.197m
Loans to Housing Associations - £27.000m
Solar Farm Projects - £45.007m
Together Energy - £22.447m

LARGE SCHEME UPDATE

Time Square – The Time Square development was completed towards the end of 2019/20.

Redwood Bank -The Council took a 33% stake in Redwood Bank in 2017 for a £30m investment. The £30m was paid in three instalments £10m in 2017/18 and the balancing £20m was paid in two instalments in 2018/19. The Banks purpose is to lend to the Small Medium Sized Enterprises (SMEs). A full comprehensive business case was drawn up and agreed by the Council's Executive Board and in line with the results of a Warrington Business survey carried out in 2013 which showed there was high need for a bank in Warrington. The Bank is operating successfully and to business plan.

Loans to Housing Associations -The Council continued its loans programme to Housing Associations in 2019/20. To promote House Building and to generate an investment return to the Council. The loans programme is operating very successfully. At 31/03/20 the Council had loan facilities in place with 15 Housing Associations of £427.5m with £142.2m drawn down to date.

Hull & York Solar Farms -The Council in 2018/19 approved the building of two new solar farms.at a cost of £62m in Hull and York. Hull is a 25 megawatt solar farm, which will save 10k tonnes worth of carbon and generate enough energy to power 8,000 homes. The power from Hull will be used to power the Council generating a saving to the Council and making the Council the first 100% green energy powered Council. The York solar farm is 35 m/w, it will generate enough energy to power 10,000 homes and will save 15k tonnes worth of carbon. It is anticipated power from York will be sold to another public sector body or a Warrington business. The York solar farm was completed on 19th December 2019 and the Hull Solar Farm is forecast to be completed in the Autumn of 2020.

Together Energy -In October 2020 the Council acquired a 50% stake in Together Energy which is an energy supply business.

Balance Sheet

Significant movements in the Council's 2019/20 Balance Sheet (page 32) where:

- The Council's net worth increased by £124.048m, this was due to a decrease in the Council's pension liability of £114.774m.
- Long term assets increased by £368.263m. Plant, Property and Equipment has increased by £38.325m largely due to the redevelopment of Time Square. Investment Property has increased by £9.809m. Long Term Investments has increased by £296.986m. Long Term Debtors has increased by £22.672m.
- Short term assets also increased (by £350.076m) with increases in Cash and Cash Equivalents of £84.172m, and an increase in Short Term Investments (£253.495m).
- Short term liabilities increased by £113.769m, of which the biggest contributors were borrowing (an increase of £105.155m) and by creditors (an increase of £8.924m).

- Long term liabilities increased by £480.522m. This was mainly due to an increase in long term borrowing (an increase of £592.997m), offset with a decrease in the Council's pension liability of £114.774m.

Reserves

The table below shows the position of the Council's reserves (pages X & X). The Council's cash backed reserves increased by £29.679m to £84.531m (2019/20) from £54.852m in 2018/19. This includes an increase in capital reserves of £6.377m.

The Council's non-cash backed reserves (unusable) also increased in year. The increase of £94.368m was mainly due to movements in the pension reserve.

	2018/19 £'000	2019/20 £'000	Movement £'000
Usable Reserves (Cash Backed Reserves)			
<i>Revenue</i>			
General Fund	962	667	(295)
Earmarked Reserves (WBC)	34,880	58,412	23,532
Earmarked Reserves (Schools)			
Total Revenue Reserves	42,314	65,617	23,303
<i>Capital</i>			
Capital Receipts	3,250	25	(3,225)
Capital Grants			
Total Capital Reserves	12,537	18,914	6,377
Total Usable Reserves	54,851	84,531	29,680
Unusable Reserves (Non-cash Backed Reserves)			
	127,558	221,926	94,368
TOTAL RESERVES	182,409	306,457	124,048

Pensions

The table below shows the in-year movement on the Council's pension liability (Note 32); the liability has decreased by £114.774m. 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 '19	(247,516)
Current Service Cost	(34,393)
Past Service Cost	(826)
Interest Cost	(6,163)
Settlements	2,261
Employer Contributions	15,281
Remeasurements	138,614
Closing Balance as at 31 March '20	(132,742)

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 290 rating appeals outstanding.

Business Rates rating appeals provision	£7.086m at 31 March 2019	£6.494m at 31 March 2020
Business Rates write-off	£676k in 2018/19	Nil in 2019/20

Treasury Management

At the 31st March 2020 the Council had borrowings of £1.574bn and investments of £938.530m.

During the year the Council undertook £697.8m worth of borrowing to fund its capital and investment, via £481m from Public Works Loan Board, £100m Bond, £40m Local Authority medium term loans and £215m short term loans from Local Authority market. There was nearly £138.2m of loans repaid during the year.

The Council continued its policy of investment diversification during the year and invested £20m in Public Sector Social Impact Fund. At the end of the financial year £270m was invested with various local authorities for short term. All these investments were in line with the Council's Treasury Management Strategy which was agreed by Full Council in February 2019.

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 reviewed the Council's rating of A1 (rated as upper-medium quality and low credit risk) in February 2020. This is the third highest rating possible and on par with China and Japan.

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 rating was reassessed in July 2020 and was re-affirmed by the rating agency.

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

	31/03/18 £'000	31/03/19 £'000	31/03/20 £'000
Cash and cash equivalents	(1,061)	(2,031)	394
Short-term Deposits	44,235	29,816	111,563
TOTAL	43,174	27,785	111,957

Total cash and cash equivalents at 31 March 2020 is £111.957m. 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.

Group Accounts

The Council's Group Entities increased in 2019/20 from four to eight. Previously the following entities were consolidated into the Council's Group Accounts:

- Warrington Borough Transport
- Redwood Financial Partners Ltd
- Birchwood Park (JPUT)
- Wire Regeneration (Joint Venture)

In 2019/20 these were joined by:

- Together Energy
- Incrementum Housing Development Company
- Incrementum Housing Management Company

- Warrington Renewables (York)

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 specific grant funding for a) teacher pay awards and b) increases to employer contributions to pensions are currently received and passed on to schools, though these last two are likely to be absorbed into DSG in future years.

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 overall DSG in 2019/20 by £0.719m. This total overspend was mitigated by an underspend on pre-school activity. The continued increasing demand for special educational places, and support, both pre- and post-16 in isolation generated an overspend of £1.573m. The consolidated overspend represented 0.7% of Warrington's total DSG receipt of £102.4m (after recoupment for Academy budgets). Further details can be found in Note 19.

At the end of 2018/19, school balances for Warrington maintained schools totalled £5.591m, while at the end of 2019/20 the aggregate of balances had increased slightly to £5.657m. The true comparative increase in balances for maintained schools was actually more, as £0.380m of 2018/19 balances transferred out with the in-year Academy conversions. The like-for-like balance increase is therefore £446,271. Overall balances now stand at 6.8%, up from 6% last year.

These conversions meant there was an additional transfer of assets from the Council's Balance Sheet of £25.484m. Funding of all current mainstream Academies resulted in a revenue recoupment from DSG of £64.822m (taking into account the part-year effect - £3.87m - of six new primary conversions).

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is an essential part the Council's overall governance arrangements in that it provides the framework and process to enable the organisation to manage risk in a systematic, consistent and efficient way. The Council has in place a Strategic Risk Register which is a key document in terms of understanding and assessing the most significant risks that the Council needs to manage in order to support the delivery of its key priorities and objectives as well as being able to exploit potential opportunities.

The identified strategic risks are subject to change as new risks may emerge whilst others may become less significant as mitigating actions are implemented, or external factors change the nature of the risk.

The emergence of the coronavirus pandemic has had a significant impact on the organisation in terms of new and emerging risks. Since the risk of a pandemic outbreak

was formally recognised as a strategic risk by the Council, a significant amount of work has been undertaken to prepare for such an event. This was focused around planning for flu pandemic, and assumptions have had to be refined to adjust for differences in how we understand the new virus is transmitted. The work allowed the Council to be well prepared to respond to the materialisation of this risk, once the UK Government set out the required response.

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

1. Managing homelessness following introduction of the new Act in 2018
2. Pandemic outbreak
3. Cyber attack
4. Financial stability
5. Management and monitoring of the strategic investment portfolio
6. Corporate governance – managing a complex & diverse organisation

EXPLANATION OF THE FINANCIAL STATEMENTS

The 2019/20 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 2019 to 31 March 2020.

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 Town Hall, Sankey Street, Warrington or e-mail me direct at Igreen@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 Leadership 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.

A handwritten signature in black ink, appearing to read "Lynton Green". It is written in a cursive style with a large, stylized "L" at the beginning.

**Lynton Green CPFA
Deputy Chief Executive & Director of Corporate Services**

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 2020 and its income and expenditure for the year ended 31 March 2020.

Signed



Dated 14 August 2020

**Lynton Green CPFA
Deputy Chief Executive & Director of Corporate Services**

DRAFT

Expenditure and Funding Analysis

Changes to the Code 2016/17 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 Council's year budget monitoring (in accordance with Para 3.4.2.95 of the Code).

2019/20	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	5,965	-	5,965
Families & Wellbeing	103,374	-	103,374
Environment & Transport	19,174	-	19,174
Growth	7,211	-	7,211
Corporate Finance	(32,874)	-	(32,874)
Central Charges	10,201	38,036	48,237
Net Cost of Services	113,051	38,036	151,087
Other Income and Expenditure	(136,353)	23,909	(112,444)
(Surplus) or Deficit	(23,302)	61,945	38,643
Opening General Fund at 31 March 2019	(42,315)		
Less/Plus (Surplus) or Deficit on General Fund in Year	(23,302)		
Closing General Fund at 31 March 2020	(65,617)		
2018/19	Restated Net Expenditure chargeable to the General Fund Balance £'000	Restated Adjustments between Funding and Accounting Basis £'000	Restated Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Corporate Services	5,291	-	5,291
Families & Wellbeing	105,284	-	105,284
Environment & Transport	21,337	-	21,337
Growth	8,297	-	8,297
Corporate Finance	(11,781)	-	(11,781)
Restated Central Charges	(6,905)	52,128	45,223
Restated Net Cost of Services	121,523	52,128	173,651
Restated Other Income and Expenditure	(121,228)	(27,552)	(148,780)
Restated (Surplus) or Deficit	295	24,576	24,871
Opening General Fund at 31 March 2018	(42,610)		
Less/Plus (Surplus) or Deficit on General Fund in Year	295		
Closing General Fund at 31 March 2019	(42,315)		

The 2018/19 Comparators have been restated for full explanation please see Note 42.

Movement in Reserves Statement for the Year Ended 31 March 2020	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
Restated Balance as at 1 April 2018		42,610	5,219	10,695	58,524	196,058	254,582
<i>Movement in Reserves during the year</i>							
Total Comprehensive Income and Expenditure							
Adjustments between accounting basis & funding basis	7	24,576	(1,969)	(1,408)	21,199	(21,199)	-
Increase or (Decrease) in Year		(295)	(1,969)	(1,408)	(3,672)	(68,501)	(72,173)
Restated Balance as at 31 March 2019		42,315	3,250	9,287	54,852	127,557	182,409
<i>Movement in Reserves during the year</i>							
Total Comprehensive Income and Expenditure							
Adjustments between accounting basis & funding basis	7	61,945	(3,225)	9,602	68,322	(68,322)	-
Increase or (Decrease) in Year		23,302	(3,225)	9,602	29,679	94,369	124,048
Balance as at 31 March 2020		65,617	25	18,889	84,531	221,926	306,457

The 2018/19 Comparators have been restated for full explanation please see Note 42.

Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

Restated Gross Expenditure £'000	Restated Gross Income £'000	Resated Net Expenditure £'000		2019/20			
				Note(s)	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
9,528	(4,237)	5,291	Corporate Services		11,455	(5,490)	5,965
276,252	(170,968)	105,284	Families & Wellbeing		278,681	(175,307)	103,374
31,904	(10,567)	21,337	Environment & Transport		32,439	(13,265)	19,174
10,353	(2,056)	8,297	Growth		10,033	(2,822)	7,211
46,735	(58,516)	(11,781)	Corporate Finance		47,068	(79,942)	(32,874)
45,223	-	45,223	Central Charges		48,237	-	48,237
419,995	(246,344)	173,651	Cost of Services		427,913	(276,826)	151,087
	9,778	Other Operating Expenditure		10			33,417
	9,472	Financing & Investment Income & Expenditure		11			33,842
	(168,030)	Taxation and Non-Specific Grant Income		12			(179,703)
24,871	(Surplus) or Deficit on Provision of Services						38,643
	(8,360)	(Surplus) or Deficit on revaluation of non-current assets		33			(24,396)
	-	(Surplus) or Deficit on revaluation of available for sale financial assets		33			319
	55,662	Remeasurement of the net defined benefit liability		32			(138,614)
47,302	Other Comprehensive Income and Expenditure						(162,691)
72,173	Total Comprehensive Income and Expenditure						(124,048)

The 2018/19 Comparators have been restated for full explanation please see Note 42.

Balance Sheet as at 31 March 2020

	Notes	Restated	
		31st March	31st March
		2019	2020
		£000	£000
Property, Plant & Equipment	21	734,400	772,725
Heritage Assets	22	16,544	16,973
Investment Property	23	32,511	42,320
Intangible Assets		532	574
Long Term Investments	34	362,909	659,895
Long Term Debtors	25	141,727	164,399
Long Term Assets		1,288,623	1,656,886
Short Term Investments	34	25,140	278,635
Inventories		845	883
Short Term Debtors	26	59,620	72,696
Cash and Cash Equivalents	27	27,785	111,957
Assets Held for Sale		705	-
Current Assets		114,095	464,171
Cash and Cash Equivalents	27	-	-
Short Term Borrowing	34	(48,459)	(153,614)
Short Term Creditors	28	(58,038)	(66,963)
Provisions	29	(8,678)	(8,367)
Current Liabilities		(115,175)	(228,944)
Long Term Creditors	28	(3,949)	(3,800)
Grants Receipts in Advance - Capital	20	(2,145)	(5,067)
Grants Receipts in Advance - Revenue	20	(21,864)	(21,390)
Provisions	29	(2,590)	(2,590)
Long Term Borrowing	34	(827,070)	(1,420,067)
Long Term Pension Liabilities	32	(247,516)	(132,742)
Long Term Liabilities		(1,105,134)	(1,585,656)
Net Assets		182,409	306,457
Usable Reserves	9	54,851	84,531
Unusable Reserves	33	127,558	221,926
Total Reserves		182,409	306,457

The 2018/19 Comparators have been restated for full explanation please see Note 42.

Cash Flow Statement for the year ended 31 March 2020

Restated 2018/19 £'000		Note(s)	2019/20 £'000
(24,871)	Net (surplus) or deficit on the provision of services		(38,643)
91,591	Adjustments to net surplus or deficit on the provision of services for non-cash movements	36	82,890
(81,975)	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	36	(54,119)
(15,255)	Net Cash Flows from Operating Activities		(9,872)
(121,831)	Investing Activities	37	(603,690)
149,527	Financing Activities	38	697,734
12,441	Net (increase) or decrease in cash and cash equivalents		84,172
15,344	Cash and cash equivalents at the beginning of the reporting period		27,785
27,785	Cash and cash equivalents at the end of the reporting period	27	111,957

The 2018/19 Comparators have been restated for full explanation please see Note 42.

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 by the Audit & Corporate Governance Committee.

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 16 Leases** will require local authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2021.
- **IAS 19 Employee Benefits** will require the remeasurement of net pension asset/liability following plan amendments, curtailments or settlements to be used to determine current service cost and net interest for the remainder of the year after the change to the plan. The updating of these assumptions only applies to changes from 1st April 2020 and, since this could result in positive, negative or no movement in the net pension liability, no prediction can be made of the possible accounting impact.
- **Amendments to IAS 28 Investment in Associates and Joint Ventures: Long term Interests in Associates and Joint Ventures** -
- **Annual Improvements to IFRS Standards 2015-2017 Cycle: IAS 12 Income Taxes** – Income Tax Consequences of Payments on Financial Instruments Classified as Equity
- **Annual Improvements to IFRS Standards 2015-2017 Cycle: IAS 23 Borrowing Costs** – Borrowing Costs Eligible for Capitalisation
- **IAS 1/IAS 8** - Changes on the Definition of Materiality
- **Other changes on materiality** - as a part of the CIPFA/LASAAC strategic plan
- **Annual Improvements to IFRS Standards 2015–2017 Cycle**
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements – Previously Held Interest in a Joint Operation
 - IAS 12 Income Taxes –Income Tax Consequences of Payments on Financial Instruments Classified as Equity

- IAS 23 Borrowing Costs –Borrowing Costs Eligible for Capitalisation

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. 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 £114.104m in 2019/20, 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 £0.133m. 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 2020 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.	<ul style="list-style-type: none">• A decrease of 0.5% in Real Discount Rate could increase the Council's liability by £84.919m.• An increase of 0.5% in Salary Increase Rate could increase the Council's liability by £9.210m.• An increase of 0.5% in Pension Increase Rate could increase the

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	During 2019/20 the Council's actuaries advised that the net pension liability had decreased by £114.774m as a result of updating of the assumptions.	Council's liability by £74.901m.
Property, Plant and Equipment/ Investment Properties	<p>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 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.</p> <p>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.</p>	<p>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.</p> <p>If the value of the Council's investment properties were to reduce by say 10%, this would result in a circa £33.921m charge to the Comprehensive Income and Expenditure Statement.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The net book value of non-current assets subject to potential revaluation is £507.155m</p>
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	Changes in the assumptions used could affect the fair value (either upwards or downwards) of the Council's assets and liabilities.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>1 inputs) their fair value is measured using the following approaches and valuation techniques:</p> <p>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.</p> <p>Where the inputs to these valuation techniques are based on observable data they are categorised as Level 2.</p> <p>Where this is not possible judgement is required in establishing fair values. These judgements typically include assumptions as to future growth and include uncertainty and risk and these are categorised at Level 3.</p>	<p>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.</p>
Arrears	<p>At 31 March 2020 the Council had a balance of debtors of £72.696m. A review of significant balances suggested that an impairment of doubtful debts of £11.531m was appropriate.</p>	<p>If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.</p>
Business Appeals Rate	<p>2019/20 is the sixth year of the Business Rates Retention Scheme whereby the Council retains 28.3% of the business rates income it collects (£30.806m out of £108.608m), but is subject to a £16.754m tariff.</p> <p>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</p>	<p>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).</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	for the estimated success of future appeals for losses for the period to the end of March 2020 of £13.252m. A safety net system protects the Council from losses below baseline funding levels of £28.495m.	
Britain leaving the European Union: asset values and pension liability	There is a high level of uncertainty about the implications of Britain leaving the European Union. At the current time there are three possible scenarios: a 'no deal' Brexit, an agreement with a transition period and an extension to EU membership of unknown length. It is not possible to predict which path will be taken and whether asset values and the discount rate will consequently change. The assumption has been made that this will not significantly impair the value of the Council's assets or change the discount rate. However, this assumption needs to be revisited and reviewed regularly.	Higher impairment allowances may need to be charged in the future if asset values fall. If the discount rate changes, the size of the net pension liability will also vary.

5 Events after the Balance Sheet Date

There were no material events after the Balance Sheet date.

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.

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2019/20			
	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	-	-	-	-
Families & Wellbeing	-	-	-	-
Economic Regeneration, Growth & Environment	-	-	-	-
Corporate Finance	-	-	-	-
Central Charges	24,045	13,754	237	38,036
Net Cost of Services	24,045	13,754	237	38,036
Other Income and Expenditure	18,865	6,163	(1,119)	23,909
Difference between the General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	42,910	19,917	(882)	61,945

Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	2018/19			
	Adjustments for Capital Purposes £'000	Restated Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	-	-	-	-
Families & Wellbeing	-	-	-	-
Economic Regeneration, Growth & Environment	-	-	-	-
Corporate Finance	-	-	-	-
Central Charges	39,007	13,387	(266)	52,128
Net Cost of Services	39,007	13,387	(266)	52,128
Restated Other Income and Expenditure	(30,419)	4,294	(1,427)	(27,552)
Restated Difference between the General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	8,588	17,681	(1,693)	24,576

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

	2018/19 £'000	2019/20 £'000
Corporate Services	(5,575)	(4,416)
Families & Wellbeing	(58,789)	(65,043)
Environment & Transport	(12,963)	(13,265)
Growth	(2,331)	(2,785)
Corporate Finance	(19,746)	(29,470)
Central Charges	-	-
Total Revenue from External Customers	(99,404)	(114,979)

Interest Revenue

	2018/19 £'000	2019/20 £'000
Corporate Services	(3)	(14)
Families & Wellbeing	(49)	(27)
Environment & Transport	-	-
Growth	-	-
Corporate Finance	(9,225)	(10,254)
Central Charges	(1,798)	(1,798)
Total Revenue from External Customers	(11,075)	(12,093)

Segmental Expenditure

Expenditure received on a segmental basis is analysed below:

Interest Expense

	2018/19 £'000	2019/20 £'000
Corporate Services	-	-
Families & Wellbeing	-	-
Environment & Transport	-	-
Growth	-	-
Corporate Finance	16,094	19,327
Central Charges	-	-
Total Revenue from External Customers	16,094	19,327

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.

2019/20	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	(19,917)	-	-
- Financial instruments (transferred to the Financial Instruments Adjustment Account)		(502)	-	-
- Pooled Investment (transferred from the Pooled Investments Mitigation Reserve)		(1,743)	-	-
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)		3,363	-	-
- Holiday pay (transferred to Accumulated Abensences Reserve)		(237)	-	-
- 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)		(87,447)	-	(25,221)
Total Adjustments to Revenue Resources		(106,483)	-	(25,221)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	9	1,593	(1,593)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	24	5,560	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		37,385	-	-
Total Adjustments between Revenue and Capital Resources		44,538	(1,593)	-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	24	-	4,819	-
Application of capital grants to finance capital expenditure	9	-	-	15,619
Cash payments in relation to deferred capital receipts	9	-	(1)	-
Total Adjustments to Capital Resources		-	4,818	15,619
Total Adjustments		(61,945)	3,225	(9,602)

2018/19	Note(s)	Usable Reserves		
		General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources				
- Pension costs (transferred to (or from) the Pensions Reserve)	32	(17,681)	-	-
- Financial instruments (transferred to the Financial Instruments Adjustment Account)		(114)	-	-
- Pooled Investment (transferred from the Pooled Investments Mitigation Reserve)		61	-	-
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)		1,480	-	-
- Holiday pay (transferred to Accumulated Absences Reserve)		266	-	-
- 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)		(41,345)	-	(14,383)
Total Adjustments to Revenue Resources		(57,333)	-	(14,383)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	9	2,519	(2,519)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	24	282	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		29,956	-	-
Total Adjustments between Revenue and Capital Resources		32,757	(2,519)	-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	24	-	4,488	-
Application of capital grants to finance capital expenditure	9	-	-	15,791
Cash payments in relation to deferred capital receipts	9	-	-	-
Total Adjustments to Capital Resources		-	4,488	15,791
Total Adjustments		(24,576)	1,969	1,408

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 2019/20.

	Balance at 31 March 2018 £'000	Transfers		Balance at 31 March 2019 £'000
		out 2018/19 £'000	Transfers in 2018/19 £'000	
Schools				
School Balances	4,933	-	658	5,591
Schools Re-organisation Contingency	2,212	(1,331)	-	881
Total Schools Reserves	7,145	(1,331)	658	6,472

	Balance at 31 March 2018 £'000	Transfers out 2018/19 £'000	Transfers in 2018/19 £'000	Balance at 31 March 2019 £'000
<u>Council</u>				
Anson & Blenheim PFI	1	-	-	1
Armed Forces Covenant Grant	-	-	-	-
BCF Pooled	21	-	-	21
Birchwood Park	1,000	-	-	1,000
Business Rates Smoothing	8,733	(5,196)	7,622	11,159
Children's Comfort Funds	7	-	-	7
Community Drug & Alcohol Misuse	10	(9)	-	1
Community Investment Fund	91	-	-	91
Community Safety Enabling	-	-	-	-
Coroners Judicial Review	116	-	36	152
COVID-19 Grant	-	-	-	-
DSG Deficit	-	-	-	-
Early Release	610	-	-	610
Economic Regeneration, Growth & Environment Services (ERGE)	578	(499)	319	398
Families and Wellbeing Service Adults	942	(942)	1,047	1,047
Families and Wellbeing Service Childrens	2,775	(2,775)	1,821	1,821
Financial Protection Team	20	-	-	20
Homelessness	91	-	-	91
Insurance Fund	2,129	-	-	2,129
Local Authority Mortgage Scheme	725	-	-	725
Loans & Investment	3,000	-	1,500	4,500
Local Public Service Agreement	-	(45)	211	166

	Balance at 31 March 2018 £'000	Transfers out 2018/19 £'000	Transfers in 2018/19 £'000	Balance at 31 March 2019 £'000
Market Tenants Advertising	2	-	6	8
Mayor's Charity	19	(2)	-	17
Members Voluntary Initiative	8	-	-	8
Municipal Mutual Insurance (MMI)	465	-	45	510
Medium Term Financial Plan	3,517	(3,186)	3	334
Museum Arts	13	-	-	13
Parish Council Elections	-	-	11	11
Public Health Grant	903	(903)	1,278	1,278
Resources & Strategic Commissioning	516	(270)	12	258
Salary Sacrifice Car Lease	93	-	-	93
SALIX Revolving Fund	129	-	-	129
Schools Forum Service Development	59	-	-	59
Sinking Fund	509	-	218	727
Solar Panels Lifecycle Fund	280	-	-	280
Strategic Reserve	4,760	-	-	4,760
Taxi Account	25	-	93	118
Time Square	-	-	-	-
Town Centre Sinking Fund	229	-	-	229
Union Learner Reps	17	-	-	17
Unitary Charge	1,308	-	366	1,674
Walton Hall	5	-	-	5
Winwick Road	111	-	-	111
Warrington YOT	157	(58)	36	135
Halton YOT	146	(81)	36	101
Cheshire West YOT	67	(36)	36	67
Cheshire East YOT	-	(36)	36	-
Total Council Reserves	34,187	(14,038)	14,732	34,881
Total Earmarked Reserves	41,332	(15,369)	15,390	41,353
Net Transfer to/(from) Reserves			21	

	Balance at 31 March 2019 £'000	Transfers out 2019/20 £'000	Transfers in 2019/20 £'000	Balance at 31 March 2020 £'000	Purpose of Reserve
Schools					
School Balances	5,591	(255)	321	5,657	
Schools Re-organisation Contingency	881	-	-	881	To contribute to the school deficit upon closure
Total Schools Reserves	6,472	(255)	321	6,538	
Council					
Anson & Blenheim PFI	1	(1)	-	-	PFI credits ring-fenced to mitigate any future liabilities
Armed Forces Covenant Grant	-	-	9	9	To fund support for MoD activities
BCF Pooled	21	-	-	21	To fund better care pooled arrangements.
Birchwood Park	1,000	-	9,282	10,282	To act as a contingency for Birchwood Park activity
Business Rates Smoothing	11,159	(5,456)	9,174	14,877	To fund fluctuations in business rates deficit estimates.
Children's Comfort Funds	7	-	-	7	Held on behalf of children in care
Community Drug & Alcohol Misuse	1	(1)	-	-	To fund the Council's drug and alcohol misuse strategy
Community Investment Fund	91	-	-	91	To fund Community Investment Schemes
Community Safety Enabling	-	-	111	111	To fund Community Safety schemes
Coroners Judicial Review	152	(22)	1	131	To fund any one off costs of future judicial reviews
COVID-19 Grant	-	-	5,323	5,323	To fund COVID-19 costs
Criminal Injuries Compensation	-	-	-	-	To provide for criminal injury claims from children in care
DSG Deficit	-	-	(719)	(719)	To fund DSG deficit
Early Release	610	-	-	610	To fund movements in the redundancy calculation
Economic Regeneration, Growth & Environment Services (ERGE)	398	(275)	892	1,015	To fund future expenditure in ERGE
Families and Wellbeing Service Adults	1,047	(1,047)	-	-	To fund future expenditure in FWB Adults
Families and Wellbeing Service Childrens	1,821	(1,821)	2,950	2,950	To fund future expenditure in FWB Children's
Financial Protection Team	20	-	-	20	To fund expenditure for Adults with specific criteria
Home to School Transport	-	-	-	-	Future potential home to school transport claims
Homelessness	91	-	-	91	To fund bond/deposits to secure accomodation for the homeless
Insurance Fund	2,129	(126)	51	2,054	Third party claim excesses and self insure areas of risk
Local Authority Mortgage Scheme	725	-	-	725	Potential future LAMS defaults
Local Land Charges	-	-	-	-	Statutory 3 year fee setting ring-fence surplus/deficit
Loans & Investment	4,500	-	500	5,000	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
Local Public Service Agreement	166	(49)	-	117	To fund 'Local Public Service Agreement' activity.

	Balance at 31 March 2019 £'000	Transfers out 2019/20 £'000	Transfers in 2019/20 £'000	Balance at 31 March 2020 £'000	Purpose of Reserve
Market Tenants Advertising	8	-	4	12	To fund market tenants advertising
Mayor's Charity	17	(7)	-	10	Money's collected for mayoral supported charities
Members Voluntary Initiative	8	-	-	8	To fund International Partnerships initiative
Municipal Mutual Insurance (MMI)	510	(51)	-	459	To fund future potential MMI clawback
Medium Term Financial Plan	334	(664)	5,226	4,896	To ensure the council's future financial sustainability
Museum Arts	13	-	-	13	To fund future museum exhibitions or art acquisitions
Parish Council Elections	11	-	-	11	To fund fluctuations in parish council elections income and expenditure
Prison Substance Misuse Service	-	-	-	-	To fund the Council's prison substance misuse strategy
Public Health Grant	1,278	(1,278)	1,329	1,329	To fund public health expenditure
Resources & Strategic Commissioning	258	(203)	132	187	To fund future expenditure in RaSC
Salary Sacrifice Car Lease	93	-	-	93	Potential future liability on salary sacrifice car lease
SALIX Revolving Fund	129	-	-	129	Energy efficiency schemes
Schools Forum Service Development	59	-	-	59	Financial and advisory support to Schools Forum
Sinking Fund	727	(39)	31	719	Alder Lodge Homeless Unit refurbishment/enhancement
Solar Panels Lifecycle Fund	280	-	-	280	Future replacement cost on solar panels
Strategic Reserve	4,760	-	-	4,760	For emergency events such as unforeseen financial liabilities or natural disasters
Taxi Account	118	-	52	170	Ring-fenced account of Taxi Service surplus/deficit
Time Square	-	-	-	-	- Regeneration of Time Square
Town Centre Sinking Fund	229	-	-	229	Potential future Town Centre overspends
Union Learner Reps	17	-	-	17	Monies set aside to increase participation in union training services
Unitary Charge	1,674	-	284	1,958	Future variations on unitary charge on PFI schemes
Walton Hall	5	-	-	5	Walton Hall refurbishment
Walton Zoo	-	-	-	-	- Walton Hall animals
Winwick Road	111	-	-	111	Alder Lodge Homeless Unit refurbishment/enhancement
2 Way Youth Offending Team (YOT)	-	-	-	-	- Warrington and Halton Council's joint provision of YOT
Warrington YOT	135	(38)	22	119	Warrington Council YOT
Halton YOT	101	(66)	21	56	Halton Council YOT
Cheshire West YOT	67	(21)	21	67	Cheshire West Council YOT
Cheshire East YOT	-	(21)	21	-	- Cheshire East 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	34,881	(11,186)	34,717	58,412	
Total Earmarked Reserves	41,353	(11,441)	35,038	64,950	
Net Transfer to/(from) Reserves			23,597		

9 Usable Reserves

Movements in the Council's earmarked reserves are detailed in the Movement in Reserves Statement and Note 8.

	Note(s)	31/03/19 £'000	31/03/20 £'000
<u>Held for Revenue Purposes</u>			
General Fund		961	667
Earmarked Reserves	8	41,353	64,950
General Fund Balance	MiRS	42,314	65,617
<u>Held for Capital Purposes</u>			
Capital Receipts Reserve	MiRS	3,250	25
Capital Grants Unapplied Reserve	MiRS	9,287	18,889
Total Usable Reserves		54,851	84,531

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)	31/03/19 £'000	31/03/20 £'000
Balance as at 1 April			
Tfr from Deferred Capital Receipts	7	-	1
Capital receipts from year	7	2,519	1,593
		7,738	4,844
Less:			
Capital receipts used for financing	7	(4,488)	(4,819)
Balance as at 31 March		3,250	25

Capital Grants Unapplied

	Note(s)	31/03/19 £'000	31/03/20 £'000
Balance as at 1 April			
Grants received in year		10,695	9,287
Tfr to Capital Adjustment Account in year		14,383	25,221
		(15,791)	(15,619)
Balance as at 31 March		9,287	18,889

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

	2018/19 £'000	2019/20 £'000
2,122	Parish council precepts	2,235
7,529	Losses on the disposal of non-current assets	31,054
127	Levies	128
9,778		33,417

11 Financing and Investment Income and Expenditure

	2018/19 £'000	2019/20 £'000
16,094	Interest payable and similar charges	19,327
4,802	Pensions interest cost and expected return on pension assets	6,163
(11,122)	Interest receivable and similar income	(9,717)
(302)	Income and expenditure in relation to investment properties and changes in their fair value	18,069
9,472		33,842

12 Taxation and Non Specific Grant Incomes

	2018/19 £'000	2019/20 £'000
(95,651)	Council Tax Income	(100,602)
(31,932)	NDR Redistribution	(33,957)
(12,862)	Non-ringfenced government grants	(9,550)
-	COVID-19 grant	(5,323)
(27,585)	Capital grants	(30,271)
(168,030)		(179,703)

13 Material Items of Income and Expense

During the 2019/20 financial year 6 primary schools converted into academy, which resulted in £25.484m of assets being disposed from the Council's Balance Sheet.

In December 2019 the Council drew down the remaining facility (£100m) from the City Bond it floated in June 2015. The Council received £113,754,600 and has treated the extra £13.8m as extraordinary income in the CIES.

As part of the Government's response to COVID-19 it paid the Council £10.295m. This was made up of £4.972m of Section 31 Business Grants relating 2020/21 financial year, which was treated as a payment in advance, and £5.323m as an unrestricted grant in support of the Council's extra expenditure on COVID-19, this was placed into reserves.

14 Members' Allowances

During the year allowances paid to Members were £0.718m (£0.721m in 2018/19) and expenses paid were £0.079m (£0.083m in 2018/19).

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 2019/20

Officer	Year	Salary, Fees and Allowances (note 3)		Other Non- Compensation					Total £
		Allowances £	Expenses Allowances £	Taxable Benefits £	Cash Benefits £	for Loss of Office £	Pension Contribution £		
Professor Steven Broomhead	2019/20	147,218	776	-	-	-	-	-	147,993
Chief Executive (Note 1)	2018/19	144,331	846	-	-	-	-	-	145,177
Steve Peddie	2019/20	72,611	1,330	-	4,374	93,276	17,086	188,677	
Executive Director Families & Wellbeing (Left 31/10/19)	2018/19	122,779	1,582	-	5,229	-	28,607	158,197	
Andy Farrall	2019/20	48,177	282	-	-	103,528	9,516	161,504	
Executive Director Economic Regeneration, Growth & Environment (Left 31/07/19)	2018/19	117,603	846	-	-	-	27,401	145,850	
Lynton Green	2019/20	107,453	2,387	-	12,502	-	25,574	147,916	
Deputy Chief Executive/Director of Corporate Services	2018/19	105,880	2,285	-	11,723	-	24,670	144,558	
Dr Abdel Aziz	2019/20	94,919	635	-	-	-	22,591	118,144	
Director of Public Health (Left 31/12/19)	2018/19	132,037	846	-	-	-	30,764	163,647	
Matthew Cumberbatch	2019/20	91,780	846	-	-	-	21,844	114,470	
Director of Law & Governance	2018/19	76,500	846	-	-	-	17,824	95,170	
Dave Boyer	2019/20	99,932	776	-	-	-	23,784	124,491	
Director of Environment & Transport	2018/19	93,981	846	-	-	-	21,898	116,725	
Assistant Director	2019/20	94,547	-	-	-	-	22,502	117,049	
Asst. Director Integrated Commissioning (Note 2)	2018/19	91,349	440	-	1,345	-	21,284	114,418	
Interim Assistant Director - Education	2019/20	-	-	-	-	-	-	-	
(Post Restructured 31/08/17)	2018/19	35,032	353	-	-	30,000	7,427	72,812	
Gareth Hopkins	2019/20	86,556	1,919	-	6,903	-	364	95,742	
Deputy Director Corporate Services	2018/19	87,243	1,648	-	5,451	-	3,317	97,659	
Steve Park	2019/20	91,763	2,437	-	8,169	-	21,840	124,209	
Director of Growth	2018/19	86,037	2,469	-	7,944	-	20,017	116,467	
Paula Worthington	2019/20	90,554	776	-	-	-	21,552	112,881	
Director of Education, Early Help & SEND	2018/19	81,788	846	-	-	-	19,056	101,690	
Amanda Amesbury	2019/20	100,091	776	-	-	-	23,822	124,688	
Director of Children's Social Care (DCS) (Started	2018/19	82,349	746	-	-	-	18,984	102,079	
Catherine Jones	2019/20	99,622	776	-	-	-	23,822	124,219	
Director of Adult Social Care (DASS) (Started 27/08/18)	2018/19	49,087	505	-	-	-	12,571	62,163	

- 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 Leadership Team (SLT) are named.
- Note 2 –** From December 2019, Warrington BC entered a sharing arrangement with Halton BC for Director of Public Health. Eileen O'Meara is seconded to Warrington for 2 days a week. The cost of this arrangement for 2019/20, was £18,951 (December – March).
- Note 3 –** 100% funded by Warrington CCG (100% included in the table).
- Note 4 –** 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.

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2018/19					2019/20				
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	
17	20	3	40	£50,000 to £54,999	28	28	1	57	
21	27	3	51	£55,000 to £59,999	16	20	6	42	
8	29	1	38	£60,000 to £64,999	10	20	2	32	
11	11	1	23	£65,000 to £69,999	12	19	1	32	
3	6	2	11	£70,000 to £74,999	4	6	1	11	
5	1	-	6	£75,000 to £79,999	6	2	-	8	
3	1	-	4	£80,000 to £84,999	1	3	-	4	
1	1	-	2	£85,001 to £89,999	2	1	-	3	
4	1	1	6	£90,000 to £94,999	3	1	-	4	
1	-	1	2	£95,000 to £99,999	2	-	1	3	
1	-	1	2	£100,000 to £104,999	4	1	-	5	
-	-	-	-	£105,000 to £109,999	-	-	1	1	
-	-	-	-	£110,000 to £114,999	-	-	-	-	
2	-	-	2	£115,000 to £119,999	-	-	-	-	
-	-	-	-	£120,000 to £124,999	1	-	-	1	
1	-	1	2	£125,000 to £129,999	-	-	1	1	
2	-	-	2	£130,000 to £134,999	-	-	-	-	
-	-	-	-	£135,000 to £139,999	1	-	-	1	
-	-	-	-	£140,000 to £144,999	-	-	-	-	
1	-	-	1	£145,000 to £149,999	1	-	-	1	
81	97	14	192		91	101	14	206	

Exit Packages 2019/20

2019/20				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	-	24	24	19	17	36	19	41	60	98,363	430,958	529,321			
£20,001 - £40,000	-	5	5	1	10	11	1	15	16	22,017	445,179	467,196			
£40,001 - £60,000	-	4	4	-	3	3	-	7	7	-	344,822	344,822			
£60,001 - £80,000	-	1	1	-	6	6	-	7	7	-	466,266	466,266			
£80,001 - £100,000	-	1	1	-	3	3	-	4	4	-	333,236	333,236			
£100,001 - £150,000	-	-	-	-	4	4	-	4	4	-	482,006	482,006			
£150,001 - £200,000	-	-	-	-	2	2	-	2	2	-	398,408	398,408			
£200,001 - £250,000	-	-	-	-	-	-	-	-	-	-	-	-			
Total	-	35	35	20	45	65	20	80	100	120,380	2,900,876	3,021,256			

Exit Packages 2018/19

2018/19				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	-	5	5	4	10	14	4	15	19	3,095	124,312	127,408			
£20,001 - £40,000	-	2	2	-	8	8	-	10	10	-	318,195	318,195			
£40,001 - £60,000	-	1	1	-	2	2	-	3	3	-	144,849	144,849			
£60,001 - £80,000	-	1	1	-	3	3	-	4	4	-	268,765	268,765			
£80,001 - £100,000	-	-	-	-	1	1	-	1	1	-	84,273	84,273			
£100,001 - £150,000	-	1	1	-	3	3	-	4	4	-	523,530	523,530			
£150,001 - £200,000	-	-	-	-	-	-	-	-	-	-	-	-			
Total	-	10	10	4	27	31	4	37	41	3,095	1,463,925	1,467,020			

16 Termination Benefits

The Council terminated the contracts of 100 employees in 2019/20, incurring redundancy liabilities of £1,494,771 (2018/19 £696,407) and pension fund liabilities of £1,526,486 (2018/19 £770,613) 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 £97,916 (2018/19 £97,916). The fee payable for the certification of grant claims and returns for the year was £11,000 (£7,652 in 2018/19). The fee payable with regard to other services for the year was £15,000 (2018/19 £0).

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.

2018/19 £'000		2019/20 £'000
16,094	Interest payable and similar charges	19,327
4,802	Pensions interest cost and expected return on pension assets	6,163
(11,122)	Interest receivable and similar income	(9,717)
(302)	Income and expenditure in relation to investment properties and changes in their fair value	18,069
9,472		33,842

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 2019/20 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Funding Total £'000
Final DSG for 2019/20 before academy recoupment			167,229
Academies figure recouped for 2019/20			(64,822)
Total DSG after academy recoupment for 2019/20			102,407
Plus: Brought forward from 2018/19			(194)
Less: Carry forward to 2020/21			
Agreed initial budgeted distribution in 2019/20	23,258	78,955	102,213
In-year adjustments	-	-	-
Final budget distribution for 2019/20	23,258	78,955	102,213
Less: Actual Central Expenditure	(23,977)		(23,977)
Less: Actual Individual Schools Budget deployed to schools		(78,955)	(78,955)
Plus: Local Authority contribution for 2019/20	-	-	-
Carry forward to 2019/20	(719)	-	(719)

As per guidance from CIPFA the DSG deficit is carried forwards as a ring-fenced reserve on the Balance Sheet (see Note 8).

20 Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20.

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	2018/19 £'000	2019/20 £'000
Revenue		
Business Rates Retention Scheme Income	31,932	33,958
Revenue Support Grant	5,814	1,343
New Homes Bonus	2,691	2,100
Education Services Grant	-	-
Business Rates Section 31 Grants	3,726	4,582
Other Grants credited to Taxation & Non Specific Grant Income	631	6,847
Total Revenue Grants	44,794	48,830
Capital Grants and Contributions	27,585	30,271
Total	72,379	79,101

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	2018/19 £'000	2019/20 £'000
Grants		
Dedicated Schools Grant	105,266	102,597
Rent Allowance Subsidy	36,772	33,941
Public Health Grant	12,259	11,935
Pupil Premium	5,549	5,252
Improved Better Care Fund	3,581	5,205
Universal Schools Meals Grant	2,015	2,113
Teachers Pension Grant	-	1,556
Substance Misuse Grant	1,190	1,211
Capital Grant Income to fund Revenue Expenditure	2,370	7,114
Other Grants	11,123	11,922
Total Grants	180,125	182,845
Contributions		
High Costs Care Packages Contributions	1,231	1,304
NHS CCG contributions	18,743	1,016
Coroner Service Contributions	1,260	19,320
Other Contributions	8,442	10,122
Total Contributions	29,676	31,763
Total	209,801	214,608

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)	2018/19 £'000	2019/20 £'000
Capital Grants	2,145	5,067
Revenue Grants		
Commuted Sums	7,087	6,757
Restated S106 Agreements	6,200	5,655
Other Agreements	8,577	8,978
Dedicated Schools Grant	-	-
Miscellaneous Revenue Grants	1,327	1,895
Total Revenue Grants	23,191	23,285
Total	25,336	28,352

21 Property, Plant and Equipment (PPE)

Movements on Balances

Movements in 2019/20:

	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 2019	368,321	263,309	55,587	16,001	108,181	3,742	815,141	7,493	59,923
Additions	12,758	25,153	3,981	177	26,680	-	68,749	-	67
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	(12,459)	-	-	-	-	(51)	(12,510)	-	(6,021)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	24,320	-	-	-	-	(242)	24,078	-	22,448
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,478)	-	-	-	-	(175)	(1,653)	-	-
Derecognition - disposals	(23,279)	(3,335)	(3,089)	-	(5,204)	(21)	(34,928)	-	-
Reclassifications & transfers	15,920	1,861	-	808	(19,622)	387	(646)	-	4,032
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	705	705	-	-
Reclassified (to)/from Investment Properties	(610)	(460)	-	-	(2,822)	397	(3,495)	-	-
Balance as at 31 March 2020	383,493	286,528	56,479	16,986	107,213	4,742	855,441	7,493	80,449
Depreciation and Impairment									
Balance as at 1 April 2019	17,756	37,138	25,841	6	-	-	80,741	734	8,806
Depreciation charge	7,669	6,589	4,165	-	-	-	18,423	228	2,398
Accumulated depreciation written out to GCA	(12,459)	-	-	-	-	(51)	(12,510)	-	(6,021)
Depreciation - disposals	(1,536)	(166)	(2,234)	-	-	(2)	(3,938)	-	-
Reclassifications & transfers	(53)	-	-	-	-	53	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	11,377	43,561	27,772	6	-	-	82,716	962	5,183
Net Book Value									
Balance as at 31 March 2020	372,116	242,967	28,707	16,980	107,213	4,742	772,725	6,531	75,266
Balance as at 31 March 2019	350,565	226,171	29,746	15,995	108,181	3,742	734,400	6,759	51,117

Comparable Movement in 2018/19:

	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 2018	355,638	238,351	54,566	15,074	69,417	4,785	737,831	7,493	51,191
Additions	4,464	23,971	2,227	811	62,622	-	94,095	-	31
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	(4,688)	-	-	-	-	-	(4,688)	-	(820)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,737	-	-	-	-	-	7,737	-	10,648
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,988)	-	-	-	-	-	(6,988)	-	-
Derecognition - disposals	(8,763)	-	(1,206)	-	(812)	(1,043)	(11,824)	-	(1,127)
Reclassifications & transfers	21,943	987	-	116	(23,046)	-	-	-	-
Reclassified (to)/from Assets Held for Sale	(705)	-	-	-	-	-	(705)	-	-
Reclassified (to)/from Investment Properties	(317)	-	-	-	-	-	(317)	-	-
Balance as at 31 March 2019	368,321	263,309	55,587	16,001	108,181	3,742	815,141	7,493	59,923
Depreciation and Impairment									
8Balance as at 1 April 2017	16,070	31,173	22,626	6	-	292	70,167	505	7,388
Depreciation charge	7,159	5,965	4,030	-	-	48	17,202	229	2,464
Accumulated depreciation written out to GCA	(4,688)	-	-	-	-	-	(4,688)	-	(820)
Depreciation - disposals	(748)	-	(815)	-	-	(340)	(1,903)	-	(226)
Reclassifications & transfers	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	(37)	-	-	-	-	-	(37)	-	-
Balance as at 31 March 2019	17,756	37,138	25,841	6	-	-	80,741	734	8,806
Net Book Value									
Balance as at 31 March 2019	350,565	226,171	29,746	15,995	108,181	3,742	734,400	6,759	51,117
Balance as at 31 March 2018	339,568	207,178	31,940	15,068	69,417	4,493	667,664	6,988	43,803

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 1.15 in Annex 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 2020 were £21.876m. This includes the following major projects:

- Time Square - £3.258m
- Highways Maintenance Investment - £1.255m
- Bewsey & Dallam Hub - £2.226m
- Centre Park Link - £8.795m

Similar commitments at 31 March 2019 were £59.478m relating to previous year commitment totals for all of the projects listed above as well as Warrington West Station, Walton Estate Project, Cenotaph Riverbank Stabilisation, Great Sankey High School Expansion, Omega Local Highways Project, and Warrington East Phase 1 and 2.

Revaluations

The Council carries out a rolling programme of revaluations in accordance with Accounting Policy 1.15 (Annexe 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	40,019	286,528	56,479	16,986	107,144	-	507,156
Valued at fair value as at:							
31 March 2020	182,453	-	-	-	-	4,742	187,195
31 March 2019	73,491	-	-	-	69	-	73,560
31 March 2018	78,650	-	-	-	-	-	78,650
31 March 2017	155	-	-	-	-	-	155
31 March 2016	8,725	-	-	-	-	-	8,725
Total Cost or Valuation	383,493	286,528	56,479	16,986	107,213	4,742	855,441

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
<u>Cost or Valuation</u>					
Balance as at 31 March 2018	9,702	309	2,601	3,350	15,962
Revaluations	320	15	109	138	582
Balance as at 31 March 2019	10,022	324	2,710	3,488	16,544
Transfer from PPE	-	-	645	-	645
Revaluations	331	8	(655)	100	(216)
Balance as at 31 March 2020	10,353	332	2,700	3,588	16,973

Additions, Disposals and Donations of Heritage Assets

Work was finished in 2019/20 on the renovation of the Golden Gates. The cost of the renovation work was previously included as part of 'Assets under Construction' in 'Plant, Property & Equipment' (Note 21). Upon completion the cost was transferred to Heritage Assets.

There were no additions or disposals of Heritage Assets during 2019/20 and there have been no movements in acquisitions, donations or disposals over the past five years.

23 Investment Properties

Investment properties represent reliably identified levels of capital expenditure incurred in acquiring properties that are to be used solely to earn rentals or for capital appreciation, or both, provided that it is probable that the future economic benefits associated with the investment property will flow to the Authority. Investment Properties represent capital expenditure, and are subject to MRP. They do not include investments made in reliance upon S.12, LGA 2003.

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

	2018/19 £'000	2019/20 £'000
Rental income from investment property	(739)	(2,573)
Net (gains)/losses from fair value adjustments	(236)	18,082
Direct operating expenses arising from investment property	673	2,560
Net (gain)/loss	(302)	18,069

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:

	2018/19 £'000	2019/20 £'000
Balance as at the start of the year	32,083	32,511
Disposals	(127)	(2,339)
Net gains/(losses) from fair value adjustments	276	(18,039)
Additions	-	26,692
Transfers (to)/ from Property, Plant and Equipment	279	3,495
Balance as at end of the year	32,511	42,320

Fair Value Hierarchy

Details of Warrington Borough Council investment properties and information about the fair value hierarchy as at 31 March 2020 and 2019 are as follows:

2019/20	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair Value as at 31 March 2020
	£'000	£'000	£'000	£'000
Industrial Ground Rents	-	4,023	334	4,357
Retail Units	-	12,892	-	12,892
Industrial Units	-	2,468	-	2,468
Other	-	22,603	-	22,603
Total	-	41,986	334	42,320

	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	
				2019 £000	2019 £000
2018/19					
Industrial Ground Rents	-	3,918	6,849	10,767	
Retail Units	-	2,307	3,193	5,500	
Industrial Units	-	-	2,508	2,508	
Other	-	13,075	661	13,736	
Total	-	19,300	13,211	32,511	

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

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.

	31 March 2019 £000	31 March 2020 £000
Opening Balance	12,074	17,010
Correction to Opening balance	(118)	-
Transfers into Level 3	8,986	2,185
Transfers out of Level 3	(3,826)	(19,128)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	14	217
Additions	-	50
Disposals	(120)	-
Closing Balance	17,010	334

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

	As at 31/03/2020 £000	Valuation technique used to measure fair value	Unobservable inputs	Range	Sensitivity
Industrial Ground Rents	334	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

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)	2018/19 £'000	2019/20 £'000
Opening Capital Financing Requirement		696,038	792,101
Capital Investment			
Restated Property, Plant and Equipment	21	93,413	68,749
Investment Properties	23	-	26,692
Intangible Assets		383	170
Revenue Expenditure Funded by Capital Under Statute		7,278	16,022
Redwood Bank		20,053	556
Birchwood Park JPUT		4,852	11,178
Together Energy		-	18,207
Solar Farms - York		41	44,300
Solar Farms - Hull		641	25
Long Term Debtor - Loans to Registered Providers		16,750	27,000
Long Term Debtor - Loan to Together Energy		-	4,240
Long Term Debtor - Loan to Housing Company		-	852
		143,411	217,991
Sources of Finance			
Capital Receipts	9	(4,488)	(4,819)
Government Grants & Other Contributions		(28,560)	(24,667)
Payments Received for:			
Long Term Debtor - Warrington Housing Association		(116)	(121)
Long Term Debtor - Golden Gates Housing		(51)	(53)
Long Term Debtor - Your Housing		(77)	(81)
Long Term Debtor - Equity		(264)	(274)
Long Term Debtor - Muir		(326)	(339)
Long Term Debtor - Helena		(371)	(390)
Long Term Debtor - Loan to OWL - Omega Warrington Ltd		(8,393)	-
Long Term Debtor - Wirral Methodist		(120)	(190)
Long Term Debtor - Arawak Walton		(16)	(53)
Long Term Debtor - One Housing Group Ltd		(1,480)	(1,633)
Long Term Debtor - Together Energy		-	(404)
Sums set aside from Revenue:			
Developers Contribution (S106)		(2,804)	(3,116)
Minimum Revenue Provision		(282)	(5,560)
		(47,348)	(41,700)
Closing Capital Financing Requirement		792,101	968,392
Explanations of movements in year			
Increase in underlying need for borrowing		96,063	176,291

25 Long Term Debtors

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

	31/03/19 £'000	31/03/20 £'000
<u>Long-term Debtors</u>		
Other entities and individuals:		
Deferred Care Charges	996	1,095
Charged Properties	-	-
Finance Leases (Where Council is Lessor)	31,888	31,887
Local Authority Mortgage Schemes	-	-
Warrington Housing Association	3,278	3,030
Golden Gates Housing	1,512	1,403
Muir Housing Group	11,498	10,806
Arena Housing Group	2,695	2,531
Equity Housing Group	9,296	8,736
Helena Housing Association	13,465	12,665
Wulvern Housing Limited	10,000	10,000
Omega Warrington Limited	-	-
Wirral Methodist Housing	3,845	4,455
Peaks & Plains Housing	4,000	4,000
Arawak Walton Housing	734	1,619
One Housing Group	48,520	45,255
Together Energy	-	1,065
Johnnie Johnson	-	5,000
Citystyle Living	-	20,000
Incrementum Housing	-	852
Total Long-term Debtors	141,727	164,399

26 Debtors

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

	31/03/19 £'000	31/03/20 £'000
<u>Short-term Debtors</u>		
Central Government Bodies	13,348	16,900
Other Local Authorities	1,522	1,600
NHS Bodies	8,690	10,582
Public Corporations and Trading Funds	-	(2)
Other Entities and Individuals	36,060	43,616
Total Short-term Debtors	59,620	72,696

The amounts above are shown net of impairment for doubtful debts. For 2019/20 the impairment for doubtful debts totalled £11.531m of which £8.105m relates to Council Tax

and Business Rates (2018/19: £11.398m with £8.386m 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:

	31/03/19 £'000	31/03/20 £'000
Cash on hand and balances with banks	(2,031)	394
Short-term Deposits	29,816	111,563
Total Cash and Cash Equivalents	27,785	111,957

28 Creditors

The Council's creditors are as follows:

	31/03/19 £'000	31/03/20 £'000
Short-term Creditors		
Central Government Bodies	9,435	16,824
Other Local Authorities	4,142	5,415
NHS Bodies	1,611	2,735
Public Corporations and Trading Funds	36	-
Other Entities and Individuals	42,814	41,989
Total Short-term Creditors	58,038	66,963
Long-term Creditors		
Other Entities and Individuals	3,949	3,800
Total Creditors	61,987	70,763

29 Provisions

	Injury and Damage Compensation	Other	
	Claims £'000	Provisions £'000	Total £'000
Balance at 31 March 2018	2,551	7,631	10,182
Additional provisions made in year	-	1,393	1,393
Amounts used in year	-	(94)	(94)
Unused amounts reversed in year	-	(45)	(45)
Provisions unwound in year	-	(168)	(168)
Balance at 31 March 2019	2,551	8,717	11,268
Additional provisions made in year	-	282	282
Amounts used in year	-	(593)	(593)
Unused amounts reversed in year	-	-	-
Provisions unwound in year	-	-	-
Balance at 31 March 2020	2,551	8,406	10,957
	31/03/19 £'000	31/03/20 £'000	
Short-term Provisions	8,678	8,367	
Long-term Provisions	2,590	2,590	
Total Provisions	11,268	10,957	

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 12th year of a 30 year contract in 2019/20. 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 2020 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Anson & Blenheim Close

Total at 31/03/2019 £'000		Reimbursement			Total at 31/03/2020 £'000
		Payment for Services £'000	of Capital Expenditure £'000	Interest £'000	
305	Payable in 2020/21	40	67	197	304
1,218	Payable within 2 to 5 years	165	331	722	1,218
1,523	Payable within 6 to 10 years	213	605	704	1,522
1,523	Payable within 11 to 15 years	221	923	378	1,522
683	Payable within 16 to 20 years	39	316	26	381
5,252		678	2,242	2,027	4,947

John Morris House

Total at 31/03/2019 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2020 £'000
187	Payable in 20120/21	36	59	93	188
750	Payable within 2 to 5 years	143	270	335	748
937	Payable within 6 to 10 years	186	429	323	938
937	Payable within 11 to 15 years	192	559	186	937
695	Payable within 16 to 20 years	139	340	29	508
3,506		696	1,657	966	3,319

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

	2018/19 £'000	2019/20 £'000
Balance outstanding at start of year	(2,361)	(2,304)
Payments during the year	57	62
Balance outstanding at end of year	(2,304)	(2,242)

John Morris House

	2018/19 £'000	2019/20 £'000
Balance outstanding at start of year	(1,767)	(1,714)
Payments during the year	53	57
Balance outstanding at end of year	(1,714)	(1,657)

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 2019 £'000	31 March 2020 £'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	-	-
Non-current	690	690
Finance costs payable in future years	7,355	7,259
Minimum lease payments	8,045	7,949

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2019	31 March 2020	31 March 2019	31 March 2020
	£'000	£'000	£'000	£'000
Not later than one year	96	96	-	-
Later than one year and not later than five years	386	386	-	-
Later than five years	7,563	7,467	690	690
	8,045	7,949	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 2019/20 £102,975 contingent rents were payable by the Council (2018/19 £76,175).

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 £48k in relation to these properties.

The council also sub-let other property resulting in total sub-lease rental income of £515k (2018/19 £337k).

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:

	Restated 2018/19 £'000	2019/20 £'000
Leases rolling over regularly	414	436
Not later than one year	58	36
Later than one year and not later than five years	6	6
Later than five years	175	175
	654	653

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

	Resources and Strategic Commissioning £'000	Families and Wellbeing: Children £'000	Environment & Transport £'000	Families and Wellbeing: Adults £'000	Total £'000
2019/20					
Minimum lease payments	3	278	157	17	455
Sublease payments receivable	-	-	(81)	-	(81)
	3	278	76	17	374
2018/19					
Minimum lease payments	3	278	157	17	455
Sublease payments receivable	-	-	(79)	-	(79)
	3	278	78	17	376

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 2020, the total outstanding receivable amount remaining on this lease was £30.614m repayable over a 185 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 2019 £'000	31 March 2020 £'000
Finance lease debtors (net present value of minimum lease payments):		
Current	-	-
Non-current	31,887	31,887
Unearned finance income	289,879	288,081
Gross investment in the lease	321,766	319,968

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 185 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 2019	31 March 2020	31 March 2019	31 March 2020
	£'000	£'000	£'000	£'000
Not later than one year	1,798	1,798	1,798	1,798
Later than one year and not later than five years	7,192	7,192	7,192	7,192
Later than five years	312,776	310,978	312,776	310,978
	321,766	319,968	321,766	319,968

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 2019/20 £40,375 contingent rents were receivable by the Council (2018/19 £70,393).

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:

	Restated	2018/19	2019/20
	£'000	£'000	
Leases rolling over regularly	893	1,080	
Not later than one year	8,471	8,384	
Later than one year and not later than five years	31,885	31,298	
Later than five years	396,757	394,206	
	438,006	434,967	

The minimum lease payments receivable include rents that were contingent on events taking place after the lease was entered into up until 31 March 2020, 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 2019 onwards.

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

	31/03/19	31/03/20
	NBV	NBV
	£'000	£'000
Investment Property	63,284	63,180
	63,284	63,180

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 2019/20, the Council paid £6,855,096 to Teachers' Pensions in respect of teachers' retirement benefits, representing an average 20.13% of pensionable pay. The figures for 2018/19 were £5,725,634 and 16.07%. 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 increase in total contributions (and the average percentage) is because of the national increase in employer pension contribution rate at September 2019, from 16.48% to 23.68%. This more than offset the effect of removing the part-year value of last year's Academy conversions, and the part-year reduction caused by conversions this year (6 additional primary settings, at various times). There were no contributions remaining payable at the year end. St Gregory's High School uses an external payroll bureau, and we are reliant on receipt of appropriate breakdowns of the amounts paid, which are replicated in the LA 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 2019/20, the Council paid £87,225 to NHS Pensions in respect of Public Health professionals' retirement benefits, representing 17.1% of pensionable pay (£88,393 and 15.2% in 2018/19). 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.

	Restated 2018/19 £'000	2019/20 £'000
Comprehensive Income and Expenditure Statement		
Cost of Services:		
<i>Service cost comprising</i>		
Current service cost	29,304	34,393
Past service costs (including curtailments)	3,668	826
(Gains) and losses on settlements	(1,498)	(2,261)
<i>Financing and Investment Income and Expenditure</i>		
Net interest expense	4,802	6,163
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	36,276	39,121
 Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
<i>Remeasurement of the net defined benefit liability comprising:</i>		
Return on plan assets (excluding the amount included in the net interest expense)	19,046	(16,269)
Actuarial gains and losses arising on the changes in demographic assumptions	-	-
Actuarial gains and losses arising on the changes in other experience	-	-
Actuarial gains and losses arising on changes in financial assumptions	(74,708)	154,883
Remeasurement of the net defined benefit liability	(55,662)	138,614
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	(19,386)	177,735
 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	(21,130)	(23,840)
 Actual amount charged against the General Fund balance for pensions in the year		
Employers' contribution payable to the scheme	(15,146)	(15,281)

Pension Assets and Liabilities Recognised in the Balance Sheet

	Restated 2018/19 £'000	2019/20 £'000
Present value of the defined benefit obligation	(983,302)	(860,164)
Fair value of plan assets	735,786	727,422
Sub-total	(247,516)	(132,742)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £132.742m 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 2021 is £20.981m.

Assets and Liabilities in Relation to Post-Employment Benefits

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

	Restated 2018/19 £'000	2019/20 £'000
Opening balance as at 1 April	875,116	983,302
Current service cost	29,304	34,227
Interest cost	23,659	23,742
Contributions by scheme participants	4,855	4,958
Remeasurement gains and (losses):		
Actuarial gains and losses arising on the changes in demographic assumptions	-	(38,740)
Actuarial gains and losses arising on changes in financial assumptions	74,709	(77,175)
Other	-	(38,968)
Past service costs (including curtailments)	3,667	826
Benefits paid	(22,538)	(24,323)
Liabilities extinguished on settlements	(5,470)	(7,685)
Closing balance as at 31 March	983,302	860,164

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

	Restated	
	2018/19	2019/20
	£'000	£'000
Opening fair value of scheme assets	704,392	735,786
Interest income	18,857	17,579
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	19,046	(16,269)
Contributions from employers	15,146	15,115
Contributions from employees into the scheme	4,855	4,958
Benefits paid	(22,538)	(24,323)
Other	(3,972)	(5,424)
Closing fair value of scheme assets	735,786	727,422

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 2019.

The principal assumptions used by the actuary have been:

	2018/19	2019/20
Long-term expected rate of return on assets in the scheme:		
Equity investments	2.4%	2.3%
Bonds	2.4%	2.3%
Property	2.4%	2.3%
Cash	2.4%	2.3%
Mortality assumptions		
<i>Longevity at 65 for current pensioners:</i>		
Men	22.3 years	21.2 years
Women	24.5 years	23.6 years
<i>Longevity at 65 for future pensioners:</i>		
Men	23.9 years	21.9 years
Women	26.5 years	25.0 years
Inflation/pension increase rate	2.5%	1.9%
Salary increase rate	2.8%	2.6%
Rate of increase in pensions	2.4%	2.3%
Rate for discounting scheme liabilities	2.4%	2.3%
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	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	Percentage of Total Assets
Equity Securities:				
Consumer	9,201	-	9,201	1%
Manufacturing	7,386	-	7,386	1%
Energy and Utilities	1,073	-	1,073	0%
Financial Institutions	10,231	-	10,231	1%
Health and Care	4,456	-	4,456	1%
Information Technology	36,529	-	36,529	5%
Other	2,635	-	2,635	0%
Debt Securities:				
Other	-	-	-	0%
Private Equity:				
All	-	27,385	27,385	4%
Real Estate:				
Uk Property	-	58,267	58,267	8%
Overseas Property	-	1,016	1,016	0%
Investment Funds and Unit Trusts:				
Equities	111,549	-	111,549	15%
Bonds	269,682	53,628	323,310	44%
Hedge Funds	-	83,067	83,067	11%
Other	-	30,034	30,034	4%
Cash and Cash Equivalents:				
All	-	21,283	21,283	3%
Totals	452,742	274,680	727,422	100%

Asset Category	Restated Quoted prices in active markets £'000	Restated Quoted prices not in active markets £'000	Restated Total £'000	Period Ended 31 March 2019 Percentage of Total Assets
Equity Securities:				
Consumer	8,933	-	8,933	1%
Manufacturing	5,530	-	5,530	1%
Energy and Utilities	1,172	-	1,172	0%
Financial Institutions	10,390	-	10,390	1%
Health and Care	3,261	-	3,261	0%
Information Technology	34,595	-	34,595	5%
Other	2,297	-	2,297	0%
Debt Securities:				
Other	-	-	-	0%
Private Equity:				
All	-	25,531	25,531	3%
Real Estate:				
Uk Property	-	60,311	60,311	8%
Overseas Property	-	1,070	1,070	0%
Investment Funds and Unit Trusts:				
Equities	105,818	-	105,818	14%
Bonds	280,392	52,796	333,188	45%
Hedge Funds	-	98,968	98,968	13%
Other	-	30,368	30,368	4%
Cash and Cash Equivalents:				
All	-	14,354	14,354	2%
Totals	452,388	283,398	735,786	100%

33 Unusable Reserves

	31/03/2019 £000	31/03/2020 £000
Capital Adjustment Account	212,443	172,544
Revaluation Reserve	135,080	150,089
Financial Instruments Adjustment Account	(757)	(1,259)
Available-for-Sale Reserve	1	1
Pooled Investment Mitigation Reserve	3,576	1,833
Financial Instruments Revaluation Reserve	3,825	3,506
Pensions Reserve	(251,439)	(132,742)
Deferred Capital Receipts Reserve (England and Wales)	31,889	31,888
Collection Fund Adjustment Account	(2,850)	513
Accumulating Compensated Absences Adjustment Account	(4,210)	(4,447)
Total Unusable Reserves	127,558	221,926

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)	31/03/18 £'000	31/03/19 £'000
Balance as at 1 April		211,348	212,443
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		(17,234)	(12,806)
Revaluation loss on PPE	21	(6,992)	(2,145)
Amortisation of intangible assets		-	(127)
Revenue expenditure funded from capital under statute	24	(7,278)	(16,023)
Carrying amount of non-current assets sold		(5,130)	(25,193)
		(36,634)	(56,294)
Adjusting amounts written out of the Revaluation Reserve		1,389	1,932
Net written out of the cost of non-current assets consumed in year			
		(35,245)	(54,362)
Capital financing applied in year:			
Restated Use of the Capital Receipts Reserve	9	4,488	4,819
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		15,573	12,164
Application of grants from the Capital Grants Unapplied Account	7	15,791	15,619
Statutory provision for the financing of capital investment		282	5,560
		36,134	38,162
Movements in the market value of Investment Properties	23	206	(23,699)
Balance as at 31 March		212,443	172,544

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.

	31/03/19 £'000	31/03/20 £'000
Balance as at 1 April	133,027	135,080
Upward revaluation of assets	8,360	24,396
Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	8,360	24,396
Disposal of non-current assets	(4,918)	(7,454)
Difference between fair value depreciation and historical cost depreciation	(1,389)	(1,933)
Balance as at 31 March	135,080	150,089

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.

	31/03/19 £'000	31/03/20 £'000
Balance at 1 April	7,341	1
Disolution of Reserve	(7,340)	-
Revised Balance at 1 April	1	1
Surplus or deficit on revaluation of financial assets not posted to the Surplus on the Provision of Services	-	-
Balance as at 31 March	1	1

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.

	31/03/19 £'000	31/03/20 £'000
Balance as at 1 April	31,889	31,889
Restated Tfr to Capital Receipts Reserve	-	(1)
Balance as at 31 March	31,889	31,888

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.

	31/03/19 £'000	31/03/20 £'000
Balance as at 1 April	(4,476)	(4,210)
Settlement or cancellation of accrual made at the end of the preceding year	4,476	4,210
Amounts accrued at the end of the current year	(4,210)	(4,447)
Balance as at 31 March	(4,210)	(4,447)

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.

	31/03/19 £'000	31/03/20 £'000
Balance as at 1 April	(178,096)	(251,439)
Actuarial gains or losses on pensions assets and liabilities	(55,662)	138,614
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	(17,681)	(19,917)
Balance as at 31 March	(251,439)	(132,742)

Pooled Investments Mitigation Reserve

In 2018/19 MHCLG introduced legislation that required authorities to reverse the impact of fair value movements to a mitigation reserve for a maximum of five years, to lessen the impact of the movement of IFRS 9. This was required to be reported separately, and is shown below.

	31/03/19 £'000	31/03/20 £'000
Balance at 1 April	3,515	3,576
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	61	(1,743)
Balance at 31 March	3,576	1,833

Financial Investments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains or losses of equity instruments designated at fair value through other comprehensive income.

	31/03/19 £'000	31/03/20 £'000
Balance at 1 April	3,825	3,825
Surplus or deficit on revaluation of financial assets not posted to the Surplus on the Provision of Services	-	(319)
Balance at 31 March	3,825	3,506

34 Financial Instruments, Risk and Collateral

Categories of Financial Instruments

The Council's financial instruments include financial assets (investments 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).

The following categories of financial instruments are carried on the Balance Sheet:

Financial Assets

	Long Term				Short Term					
	Investments		Debtors		Investments		Debtors		Total	Total
	31 March 2019 £'000	31 March 2020 £'000								
Amortised Cost	549	549	32,883	32,983	15,140	270,000	59,620	72,696	108,192	376,228
Fair Value through Profit or Loss	10,777	30,399	-	-	10,000	8,635	-	-	20,777	39,034
Fair Value through Other Comprehensive Income - Designated Equity Instruments	1,650	1,331	-	-	-	-	-	-	1,650	1,331
Total Financial Assets	12,976	32,279	32,883	32,983	25,140	278,635	59,620	72,696	130,619	416,593
Loans to Housing Associations	-	-	108,844	129,500	-	-	-	-	108,844	129,500
Commercial Loans	-	-	-	1,916	-	-	-	-	-	1,916
Commercial Properties	100,183	302,918	-	-	-	-	-	-	100,183	302,918
Equity in Group Entities	249,750	324,698	-	-	-	-	-	-	249,750	324,698
Total	362,909	659,895	141,727	164,399	25,140	278,635	59,620	72,696	589,396	1,175,625

Financial Liabilities

	Long Term				Short Term					
	Borrowings		Creditors		Borrowings		Creditors		Total	Total
	31 March 2019 £'000	31 March 2020 £'000								
Amortised Cost	823,170	1,416,294	183	208	48,341	153,488	58,038	67,937	929,732	1,637,927
Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	823,170	1,416,294	183	208	48,341	153,488	58,038	67,937	929,732	1,637,927
PFI	3,900	3,773	3,075	2,902	118	126	-	-	7,093	6,801
Leases	-	-	691	691	-	-	-	-	691	691
Total	827,070	1,420,067	3,949	3,801	48,459	153,614	58,038	67,937	937,516	1,645,419

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.

	2018/19	2019/20	Other
	Surplus or Deficit on the Provision of Services £'000	Other Comprehensiv e Income and Expenditure £'000	Surplus or Deficit on the Provision of Services £'000
Net gains/losses on:			
• financial assets measured at amortised cost	(3,012)	-	(3,426)
• financial assets measured at fair value through profit or loss	61	-	(1,743)
• financial assets measured at fair value through other comprehensive income	-	-	(319)
Total net gains/losses	(2,951)	-	(5,169)
Interest revenue:			
• financial assets measured at amortised cost	11,122	-	9,717
Total interest revenue	11,122	-	9,717
Interest expense			
Fee income:			
• financial assets or financial liabilities that are not at fair value through profit or loss	-	-	-
Total fee income	-	-	-
Interest Fee expense:			
• financial assets or financial liabilities that are not at fair value through profit or loss	(16,094)	-	(19,327)
Total fee expense	(16,094)	-	(19,327)

Equity Held in Group Entities

The Council has purchased either wholly or in part equity in Group Entities as listed below. Group Entities are outside the scope of the Financial Instruments standard (IFRS 9) and are held at cost.

	As at 31/03/19 £'000	As at 31/03/20 £'000
Warrington Borough Transport (100% Holding)	888	888
Redwood Financial Partners Ltd (33% Holding)	30,368	30,923
Birchwood Park (100% Holding)	214,705	225,883
Wire Regeneration (50% Holding)	3,790	3,790
Together Energy (50% Holding)	-	18,207
York Solar Farm (100% Holding)	-	44,341
Hull Solar Farm (100% Holding)	-	665
TOTAL	249,751	324,697

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

- The Council holds equity in Warrington Sport Holding that is valued equal to the Council's share of the company's net assets. As part of the initial application of IFRS 9 the Council has designated the investment as Fair Value through Other Comprehensive Income. It chose this designation as the investment is deemed to be a Strategic Investment that supports the wider aims of the Council.
- There have been no dividends or gains or losses received in year for Warrington Sports Holdings.

Fair Value of Equity Instruments Designated at Fair Value through Other Comprehensive Income

	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2019 £'000	31 March 2020 £'000
Long Term Assets - Non-Listed Securities				
Warrington Sports Holdings Ltd	Level 2	% Equity held of net worth	1,650	1,331
Total			1,650	1,331

Fair Values of Financial Assets and Financial Liabilities

Fair Values of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Financial assets measured at fair value		Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/03/19 £'000	As at 31/03/20 £'000
Recurring fair value measurements	<i>Fair Value through Profit or Loss</i>				
<i>Investments</i>					
Investment in CCLA Property Fund*	Level 1	Unadjusted quoted prices in active markets for identical shares		10,576	10,198
Investment in Municipal Bond Agency	Level 3	% Equity held of net worth		200	200
Investment in Public Sector Social Impact Fund	Level 3	Unobservable inputs for the asset or liability		-	20,000
Altana Wealth	Level 3	Unobservable inputs for the asset or liability		10,000	8,635
Total				20,777	39,033

*Please note £3m worth of CCLA units were sold during 2018/19.

Transfers between Levels of Fair Value Hierarchy

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

Changes in the Valuation Technique

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

Reconciliation of Fair Value Measurements for Financial Assets Carried at Fair Value Categorised within Level 3 of the Fair Value Hierarchy for Financial Assets

	2018/19 £'000	2019/20 £'000
Opening balance	200	10,200
Transfers into Level 3	-	-
Transfers out of Level 3	-	(10,000)
Total gains or losses for the period:	-	-
• Included in the Surplus or Deficit on the Provision of Services	-	-
• Included in Other Comprehensive Income and Expenditure	-	-
Additions	10,000	-
Disposals	-	-
Closing Balance	10,200	200

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 financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised costs. The fair values calculated are as follows:

Financial Liabilities	31 March 2019		31 March 2020	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<i>Financial liabilities held at amortised cost:</i>				
Borrowings	875,529	967,802	1,573,681	1,626,662
Creditors	61,987	61,987	71,738	71,738
Total	937,516	1,029,789	1,645,419	1,698,400

Financial Assets	31 March 2019		31 March 2020	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<i>Financial assets held at amortised cost:</i>				
Investments	15,689	15,689	270,549	270,549
Debtors General	92,504	92,504	105,678	105,678
Total	108,193	108,193	376,227	376,227

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

Fair Value Hierarchy for Financial Assets and Financial Liabilities that are Not Measured at Fair Value

	31 March 2020			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Financial liabilities held at amortised cost:				
Borrowings	-	1,625,189	1,473	1,626,662
Creditors	-	-	71,738	71,738
Total	-	1,625,189	73,210	1,698,399
Financial assets held at amortised cost:				
Investments	-	-	270,549	270,549
Debtors	-	-	105,678	105,678
Total	-	-	376,227	376,227
	31 March 2019			
	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Financial liabilities held at amortised cost:				
Borrowings	-	966,818	984	967,802
Creditors	-	-	61,987	61,987
Total	-	966,818	62,971	1,029,789
Financial assets held at amortised cost:				
Investments	-	-	15,689	15,689
Debtors	-	-	92,504	92,504
Total	-	-	108,193	108,193

The measurement technique of Level 3 measurements is at cost only.

Nature and Extent of Risks Arising from Financial Instruments

The Council's activities are exposed to a variety of financial risks. The key risks are:

- Credit Risk - the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments;
- 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, stock market and property market movements.

Overall procedures for managing risk

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 have 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 Council operated within its 2019/20 Treasury Management Strategy during 2019/20 and a full 2019/20 Treasury Management Outturn Report will be reported to full Council in July 2020.

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 reported to the Audit and Corporate Governance Committee.

The Council also employs 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

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, Moody's and Standard and Poor's, 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 2019/20 was approved by Full Council February 2019. 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 £747.175m deposited with a number of banks and financial institutions at 31 March 2020, 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 2020 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	Link Asset Services Credit Rating	Counterparty Type	Category of Instrument	Amount at 31 March 2019 £'000	Amount at 31 March 2020 £'000
Deposits with Banks and Financial Institutions					
Cash and Cash Equivalent					
Santander (Alliance & Leicester)	up to 6 months	A+	Amortised	-	5,000
Bank of Scotland	up to 12 months	A+	Amortised	-	-
Natwest Select Liquidity	100 days	A	Amortised	5,516	18,316
Handelsbanken	up to 12 months	AA	Amortised	-	-
Federated Prime Rate MMF	up to 5 years	AAA	Amortised	16,280	31,110
Legal and General MMF	up to 5 years	AAA	Amortised	-	14,600
Standard Life (Ignis) MMF	up to 5 years	AAA	Amortised	-	20,300
Deutsche MMF	up to 5 years	AAA	Amortised	-	-
CCLA MMF	up to 5 years	AAA	Amortised	-	-
Goldman Sachs	up to 5 years	AAA	Amortised	-	-
Amundi MMF	up to 5 years	AAA	Amortised	-	-
Invested Bank Account (Escrow Account)	no credit rating	-	Amortised	8,020	22,237
Investments					
Rockfire Capital Solar Bond	no credit rating	-	Amortised	5,000	-
LiveWire	no credit rating	-	Amortised	549	549
Just for Cash Bond	no credit rating	-	Amortised	10,140	-
CCLA Property Fund	no credit rating	-	FV P&L	10,576	10,198
Municipal Bond Agency	no credit rating	-	FV P&L	200	200
Public Sector Social Impact Fund	Due Diligence	-	FV P&L	-	20,000
Altana Wealth	no credit rating	-	FV P&L	10,000	8,635
Various Local Authorities	no credit rating	-	Amortised	-	270,000
Non-Treasury Investments					
Warr Sports Holding Ltd	no credit rating	-	FV OCI	1,650	1,331
Warrington Borough Transport	no credit rating	-	Group	888	888
Redwood Bank	no credit rating	-	Group	30,368	30,923
Birchwood Park	no credit rating	-	Group	214,705	225,883
Joint Venture with Wire Regeneration	no credit rating	-	Group	3,790	3,790
Together Energy	Due Diligence	-	Group	-	18,207
York Solar Farm	Due Diligence	-	Group	-	44,341
Hull Solar Farm	Due Diligence	-	Group	-	665
Total Deposits with Banks and Financial Institutions				317,682	747,175
Financial Instrument Long Term Debtors					
Adult Social Care	no credit rating		Amortised	996	1,095
PFI Finance Lease	no credit rating	-	Amortised	31,888	31,887
Total				350,565	780,158

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

Expected Credit Losses

Under IFRS 9 financial assets held at amortised cost or any designated as fair value through other comprehensive income are required to undergo a potential impairment loss calculation and the calculation of a loss allowance. For loans and investments the loss allowance is equal to 12-month expected credit losses (ECLs) unless credit risk has increased significantly in which case it is equal to lifetime ECLs.

Financial Assets Held at Amortised Cost

Investments

The Council has twenty five investments classified at amortised cost and the total of those investments are £270.689m. The risk of impairment has been deemed to be low and the calculated loss allowance negligible.

Debtor General

The Council has a total of £105.678m of general debtors held at amortised cost, but of that amount £18.499m is with Central and Local Government, and excluded the impairment loss provision. For the remaining £87.179m of general debtors the Council has calculated the impairment loss to £3.426m.

Included within the general debtors are deferred care plans of £1.014m against which the Council has collateral of £0.586m.

Financial Assets that are measured at fair value through profit and loss are also excluded from the impairment loss allowance.

Financial Assets Designated as Fair Value through Other Comprehensive Income

The Council owns a 12.81% shareholding in Warrington Sports holdings, which the Council has chosen to designate as Fair Value through Other Comprehensive Income. The value of these shares is £1.331m and the Council has calculated that any impairment loss is negligible.

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	Amount at 31	Amount at 31
	March 2019 £'000	March 2020 £'000
Less than three months	8,077	13,330
Three to six months	971	950
Six months to one year	917	944
More than one year	5,257	5,574
Total	15,221	20,798

During 2015/16 Warrington obtained a credit rating from Moody's, one of the world's leading credit rating agencies. This credit rating is reviewed by Moody's annually. In June 2018 Warrington was awarded the fifth highest credit rating possible of A1 (rated as high quality and low credit risk).

The A1 issuer and debt ratings assigned to Warrington Borough Council reflects:

- a) a track record of increasing own source revenues and reducing dependence on declining central government grants;
- b) a strong regulatory framework, which allows the central government to effectively monitor financial performance;
- c) expected increase in debt levels resulting from WBC's movement into two areas outside of the traditional local government service - economic development program and a programme of lending money to housing associations;
- d) a high exposure to changes in interest rates in the debt portfolio; and
- e) 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 were 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 Age Analysis	Cash & Equivalent £'000	Investments £'000	31 March 2020			
			Adult Care** £'000	Social Lease £'000	PFI Finance Total £'000	Total %
Less than 1 year	111,563	270,000		0	381,563	84%
Between 1 and 2 years	-	8,883		0	8,883	2%
Between 3 and 4 years	-	30,398		1	30,399	7%
Between 5 and 9 years	-	301	1,095	3	1,400	0%
Between 10 and 19 years	-	-		9	9	0%
Between 20 and 29 years	-	-		19	19	0%
Between 30 and 39 years	-	-		41	41	0%
Between 40 and 49 years	-	-		94	94	0%
More than 50 years	-	-		31,720	31,720	7%
	111,563	309,583	1,095	31,887	454,128	100%

**Estimate of Long Term Debtor

Financial Assets Age Analysis	Cash & Equivalent £'000	Investments £'000	31 March 2019			
			Adult Care** £'000	Social Lease £'000	PFI Finance Total £'000	Total %
Less than 1 year	29,816	25,140	-	-	54,956	56%
Between 1 and 2 years	-	10,824	-	1	10,825	11%
Between 3 and 4 years	-	301	-	-	301	0%
Between 5 and 9 years	-	-	996	1	997	1%
Between 10 and 19 years	-	-	-	9	9	0%
Between 20 and 29 years	-	-	-	18	18	0%
Between 30 and 39 years	-	-	-	38	38	0%
Between 40 and 49 years	-	-	-	86	86	0%
More than 50 years	-	-	-	31,733	31,733	32%
	29,816	36,266	996	31,885	98,963	100%

Refinancing and Maturity Risk

The Council maintains a significant borrowing 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.

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.

Financial Liabilities Age Analysis	PWLB £'000	LOBO* £'000	Other £'000	Total £'000	31 March 2020	
					Total %	Approved Maximum %
Less than 1 year	3,278	0	150,210	153,488	10%	30%
Between 1 and 2 years	13,323	0	40,000	53,323	3%	30%
Between 3 and 4 years	140,532	0	5,000	145,532	9%	35%
Between 5 and 9 years	233,136	0	0	233,136	15%	30%
Between 10 and 19 years	294,580	0	0	294,580	19%	100%
Between 20 and 29 years	42,182	40,000	0	82,182	5%	100%
Between 30 and 39 years	175,778	0	150,012	325,790	21%	100%
Between 40 and 49 years	212,000	15,000	15,000	242,000	15%	100%
More than 50 years	-	13,500	25,000	38,500	2%	100%
	1,114,809	68,500	385,222	1,568,531	100%	

* The LOBO maturity profile assumes that the lender will not exercise their option until maturity, rather than the 6 monthly call in date.

Financial Liabilities Age Analysis	PWLB £'000	LOBO* £'000	Other £'000	Total £'000	31 March 2019	
					Total	Approved Maximum %
Less than 1 year	3,201	-	45,140	48,341	3%	30%
Between 1 and 2 years	5,057	-	25,000	30,057	2%	30%
Between 3 and 4 years	136,900	-	5,000	141,900	9%	35%
Between 5 and 9 years	109,183	-	-	109,183	7%	30%
Between 10 and 19 years	157,351	-	-	157,351	10%	100%
Between 20 and 29 years	17,558	40,000	-	57,558	4%	100%
Between 30 and 39 years	72,778	-	50,012	122,790	8%	100%
Between 40 and 49 years	135,000	15,000	15,000	165,000	11%	100%
More than 50 years	-	13,500	25,000	38,500	2%	100%
	637,027	68,500	165,152	870,679	56%	

Lender Option Borrower Option Loans (LOBO's)

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.

* The LOBO maturity profile assumes that the lender will not exercise their option until maturity. The LOBOs are of fixed rates, ranging between 4.23% and 5.8%. Of the total amount £23.5m have a break clause of every 5 years, whilst £45m have a break clause at every interest payment date twice a year. However, in the current low interest rate environment, it is unlikely that the lender will exercise their option to request their option for an early repayment of these LOBOs.

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 on its borrowing and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. 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 (no impact on revenue balances);
- investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise;
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, 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 £1.485m, comprising of £0.453m additional interest income on investments and £1.937m 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 £117.9070m. A 1% fall in interest rates would result in movements being reversed.

Price Risk

Detailed below is a summary of the amount which has been invested in financial assets. The Council is exposed to losses arising from movements in share prices or valuation as outlined below:

- The CCLA Property Fund, Public Sector Social Impact Fund and Altana Wealth are Pooled Investments. MHCLG issued legislation concerning mitigation for this type of investments. This means that all movements in price will impact on gains and losses recognised in the Pooled Investments Mitigation Reserve (up to April 2022). A general shift of 1% in the general price of shares (positive or negative) would thus have resulted in £388k gain or loss being recognised in the Pooled Investments Mitigation Reserve.
- The investment in the Municipal Bond Agency was purchased using the Council's Capital powers. This means that all movements in price will impact on gains and losses recognised in the Capital Adjustment Account. A general shift of 1% in the general price of shares (positive or negative) would thus have resulted in £2k gain or loss being recognised in the Capital Adjustments Account.
- Equity held in Warrington Sports Holdings are designated as Fair Value through Other Comprehensive Income and Expenditure, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve. A general shift of 1% in the general price of shares (positive or negative) would thus have resulted in £13.3k gain or loss being recognised in the Financial Instruments Revaluation Reserve.

	As at 31/03/19 £'000	As at 31/03/20 £'000
CCLA Property Fund	10,576	10,198
Municipal Bond Agency	200	200
Public Sector Social Impact Fund	-	20,000
Altana Wealth	10,000	8,635
Warrington Sports Holding Limited	1,650	1,331
TOTAL	22,427	40,365

The Council's investments in the Group Entities are held at cost and are open to price risk at the point of sale. Any gain or loss would be directly taken to the General Fund. A 1% reduction in the sale price would result in a loss of £2.50m.

	As at 31/03/19 £'000	As at 31/03/20 £'000
Warrington Borough Transport	888	888
Redwood Bank	30,368	30,923
Birchwood Park	214,705	225,883
Joint Venture with Wire Regeneration	3,790	3,790
Together Energy	-	18,207
York Solar Farm	-	44,341
Hull Solar Farm	-	665
TOTAL	249,750	324,698

The Council borrowed £150m via a city of London Bond offer, of which £50m was drawn down in August 2015 and the remaining amount was drawn down in December 2019. 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 2019/20 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 2020 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 receivable is determined by the selling price of properties.

	£000
Deferred Care Charges These are charges against peoples properties for receiving adult social care packages. The Council meets the cost of the care package and the costs are met by the eventual sale of clients property.	586
Loans to Registered Social Landlords The Council has given loans to Registered	
Social Landlords to promote housing development in the region. Collateral is held against the organisations properties to the value of the loan plus 10%.	474,968
Total	475,554

The Council holds collateral by way of security on property for Social Services Residential Charges, legal charges loans held by the Council and general credit debts. The Council chooses not to sell or repledge the collateral it holds on the basis of the vulnerability of many of the parties concerned, the time-expiry of the discounts, loans and grants and the considered opinion that the categories are thought to be of such little commercial value that it is unlikely that they would be an attractive proposition for a third party.

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 2020.

- 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 adult social care and in criminal prosecution) where costs could be awarded against the Council.
- There is the potential for the Council to be vicariously liable for the acts of foster carers or to pay damages for inappropriate accommodation of children under Section 20 Children Act 1989.
- 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 how many such cases may 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.
- Covid-19 may result in the potential for challenge of adjustments made to services as a result of the Coronavirus pandemic (both in adults and children social care).

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 2020.

- 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. No receipts were received in 2019/20 (£37k in 2018/19).
- 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 England. 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 £1.134m of right to buy receipts in 2019/20.

- 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 2019/20 amounted to £596k (£70k in 2018/19).

36 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

31/03/19		31/03/20
	Note(s)	£'000
(10,177)	Interest received	(9,656)
16,896	Interest paid	21,089
6,719		11,433

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

31/03/19		31/03/20
	Note(s)	£'000
19,959	Depreciation	21 18,423
7,529	Revaluation (loss)/gain	2,145
61	Amortisation	127
(254)	Increase/decrease in impairment for bad debts	(133)
(894)	Increase/decrease in creditors	4,874
(12,800)	Increase/decrease in debtors	(34,751)
(183)	Increase/decrease in inventories	(38)
11,721	Movement in pension liability	19,917
	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	
49,500		15,140
16,952	Other non-cash items charged to the net surplus or deficit on the provision of services	57,186
91,591		82,890

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

31/03/19 £'000		31/03/20 £'000
	Note(s)	
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		(1,593)
(2,519)		
Proceeds from sale of property, plant and equipment, investment property and intangible assets		(15,140)
(49,500)		
Any other items for which the cash effects are investing or financing cashflows		(37,386)
(29,956)		
(81,975)		(54,119)

37 Cash Flow Statement – Investing Activities

31/03/19 £'000		31/03/20 £'000
	Note(s)	
(90,209)	Purchases of property, plant & equipment, investment property and intangible assets	(91,709)
(122,181)	Purchase of short-term and long-term investments	(567,001)
2,519	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	1,593
49,500	Proceeds of short-term and long-term investments	15,140
38,540	Other receipts for investing activities	38,287
(121,831)		(603,690)

38 Cash Flow Statement – Financing Activities

31/03/19 £'000		31/03/20 £'000
	Note(s)	
231,790	Cash receipts of short-term and long-term borrowing	861,070
(110)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(119)
(82,153)	Repayments of short-term and long-term borrowing	(163,217)
149,527		697,734

Reconciliation of Liabilities Arising from Financing Activities

	31 March 2019 £'000	Financing Cash Flows £'000	Non-Cash Changes £'000	31 March 2020 £'000
Long Term Borrowing				
• Long Term Borrowing	(823,170)	(612,783)	19,659	(1,416,294)
• PFI Liabilities	(3,900)	119	8	(3,773)
<i>Long Term Borrowing</i>	<i>(827,070)</i>	<i>(612,664)</i>	<i>19,667</i>	<i>(1,420,067)</i>
Short Term Borrowing				
• Short Term Borrowing	(48,341)	(85,070)	(20,077)	(153,488)
• PFI Liabilities	(118)	-	(8)	(126)
<i>Short Term Borrowing</i>	<i>(48,459)</i>	<i>(85,070)</i>	<i>(20,085)</i>	<i>(153,614)</i>
Long Term Leases*	31,888	-	-	31,888
Total Liabilities from Financing Activities	(843,641)	(697,734)	(418)	(1,541,793)

* Long Term Leases are included in Long Term Creditors on the Balance Sheet.

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 2020 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 2019/20 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 2019/20 twenty-two Members held material interests in the following organisations with whom the Council carried out business – this also includes any grants made to local voluntary bodies. Asterisks* indicate that the organisation was not a related party in the relevant year.

Payments/Grants to Organisations where Members or their spouse hold a personal interest	Expenditure 2018/19 £	Expenditure 2019/20 £	Creditors 31 Mar 20120 £
Bewsey Lodge Primary	*	287,858	38,817
Bridgewater NHS Trust	*	524,391	283,280
Burtonwood Community Primary Academy	80,564	4,568	0
Catalyst Choices	8,420,880	7,351,321	307
Cheshire Day Nursery	223,587	199,585	0
Culture Warrington	1,610,842	14,510,919	10,000
David Lloyd Leisure	*	1,200	0
Golden Gates Housing Trust	130,765	213,849	919
HC One Ltd (Callands)	2,499,504	3,071,397	0
Langtree	300,620	209,610	26,744
Latchford Primary School	*	191,269	15,647
Livewire	5,230,167	5,249,677	212,739
North West Employers	22,448	23,183	0
Neighbour Favour	3,085	6,000	0
Our Ladys Primary School	*	166,143	0
Room at the Inn	36,000	36,356	3,000
St Paul of the Cross Primary	*	142,950	0
St Philips Primary	*	96,953	0
Salford Royal Hospital	*	13,016	0
Sankey Valley St James Primary	*	136,823	1,150
Seashell Trust	1,209,958	859,093	100
Statham Primary	*	71,148	0
Urban Building Projects Ltd	14,700	0	0
Warrington's Own Buses (previous Warrington Borough Transport)	519,240	534,536	49,659
Warrington Disability Partnership	*	219,516	75,276
Warrington District Citizens Advice Bureau	461,517	596,105	0
Warrington Ethnic Communities Association	8,450	6,500	0
Warrington Labour Group	13,900	22,589	0
Warrington Wolves Foundation	34,178	50,556	15,900
Wire Regeneration Ltd	137,947	221,531	136
Woolston Primary	*	250,326	0

Receipts from Organisations where Members or their spouse hold a personal interest	Income 2018/19 £	Income 2019/20 £	Debtors 31 March 2020 £
Bolsel LTD	6,398	10,331	0
Bridgewater NHS Trust	6,649	396,447	396,641
Burtonwood Community Primary Academy	97,286	27,342	6,912
Cheshire Day Nursery	970	1,671	0
Catalyst Choices	302,316	621,739	463,026
Culture Warrington	88,501	88,175	150,093
Golden Gates Housing Trust	563,444	104,909	114,880
Helena Partnership/Torus	80,495	1,236,787	494,287
Langtree	4,890	34,638	33,978
Livewire	1,356,242	1,319,688	1,138,644
Lynn High Academy	78,001	84,886	4,400
Warrington's Own Buses (previous Warrington Borough Transport)	199,265	212,345	44,902
Warrington Disability Partnerships	*	12,328	5,529
Warrington Wolves Foundation	4,435	14,338	1,165
Wire Regeneration	4,320	2,160	0
Woolston Primary	*	83,581	82,947

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 Torus (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.

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 four material declarations in 2019/20, but none were pecuniary interests.

Payments to Organisations where Officers or their spouse hold a personal interest	Expenditure 2018/19 £	Expenditure 2019/20 £	Creditors 31 Mar 2020 £
Alternative Futures	*	531,478	0
Recycling Lives	*	4,123	0
Warrington Wolves Foundation	34,178	50,556	15,900
Wire Regeneration Ltd	137,947	221,531	136

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. Also in the receipts table, he has involvement with Recycling Lives and Together Energy.

The Deputy Director of Finance is a Trustee of the Alternative Futures Charity.

Both the Chief Executive and the Warrington & Co Managing Director have interests in WBC Birchwood Park UK, WBC Birchwood Park Nominee 1 & 2 Ltd, as they are non-paid directors of these companies which are dormant but part of the Birchwood Park Trust. The Chief Executive is also a director of WBC Birchwood Park Trustee Ltd based

in Jersey, which is the active part of the Birchwood Park Trust. The Council makes capital expenditure payments as part of the trust and also receives investment income which is shown as part of interest received.

The Head of Housing Services is a Director of Livewire Community Energy.

Three officers of the Council (two from Finance and one from the Property team) are also directors of Incrementum Housing Development Company Ltd and Incrementum Housing Management Ltd which are wholly owned by the Council. At the end of March 2020 some drawdown of the loan had taken place and this will be shown in the Long Term Debtors note 25.

Receipts from Organisations with personal interest below.

Receipts from Organisations where Officers or their spouse hold a personal interest	Income 2018/19 £	Income 2019/20 £	Debtors 31 March 2020 £
Livewire Community Energy	21,962	27,555	17,654
Recycling Lives Ltd	3,558	3,678	1,912
Together Energy	*	3,720,743	3,720,743
Warrington Wolves Foundation	4,435	14,338	1,165
Warrington Wolves RLFC	13,964	13,109	40
Wire Regeneration	4,320	83,581	82,947

Officers' remunerations are detailed in Note 15.

Other Public Bodies

The following table shows the precepts and levies during the year 2019/20.

Precepting & Levying Bodies	Precepts/Levies 2018/19 £	Other Expenditure 2018/19 £	Precepts/Levies 2019/20 £	Other Expenditure 2019/20 £
Police & Crime Commissioner for Cheshire	11,908,288	392,026	13,527,902	11,929
Cheshire Fire Authority	6,029,437	0	6,240,695	81,617
Town and Parish Councils	2,122,373	2,608	2,202,768	7,265
Cheshire West and Chester Council	671,197	5,033,326	621,952	4,721,481
Manchester Port Health Authority	0	0	38,511	0
Environment Agency	125,989	612,401	127,124	594,555

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 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.

Two Council Members sit on the Board for Cheshire Fire Authority, and three Members sit on the Board for Cheshire Police & Crime Commission.

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 the following organisations during the financial year:

- Subsidiaries
 - Warrington Borough Transport
 - Birchwood Park
 - Incrementum Housing Development Co
 - Together Energy
 - Warrington Renewables (York)
- Associate
 - Redwood Financial Partners
- Joint Venture
 - Wire Regeneration

The wholly owned subsidiaries have consolidated into the Group Accounts in line with the 2019/20 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 2019/20 Code.

The joint venture has been consolidated into the Group Accounts in line with 2019/20 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 £3,483,992 of borrowing costs in year in relation to qualifying assets (£2,741,571 – 2018/19). This was calculated using the Council's average borrowing rate in the year expenditure was incurred. This was 2.51% in 2019/20 (2.36% 2018/19).

41 Pooled Budgets

In 2019/20 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:

	2018/19 £'000	2019/20 £'000
Pooled Schemes		
Intermediate Care	8,358	8,862
Protecting Social Care	6,444	7,035
Carers	173	182
Mental Health and Joint Funded Packages	17,904	19,915
Joint Commissioning / Other Support	624	627
Disability Partnership/ WHIA Funding	271	271
Out of Hospital Functions/ Enabling	1,480	1,770
Total Better Care Fund Revenue Expenditure	35,254	38,662
Funding Provided to the Pooled Budget		
Warrington Borough Council	12,576	14,139
NHS Warrington Clinical Commissioning Group	18,315	19,320
Improved Better Care Fund Contribution	4,364	5,204
Total Funding Provided to the Pooled Budget	35,255	38,663
Net Surplus Arising on the Pooled Budget During the Year	1	1

42 Restatement of 2018/19 Comparators

There have been three restatements of the 2018/19 comparators reflected in the accounts:

- Restatement of Plant, Property and Equipment
- Restatement for the effects of the McCloud judgement on Pensions
- Reclassification of Commercial Properties

Restatement of Plant, Property and Equipment

The audit of the 2017/18 Statement of Accounts, as well as the 2018/19 Statement of Accounts has not been concluded due to two separate public objections; one for each year.

As part of the ongoing audit, the auditors identified that there were material differences for the Plant, Property and Equipment assets when compared to appropriate indices. In response the Council has revalued the properties affected and has restated the 2018/19 comparators accordingly.

Restatement of the effects of the McCloud judgement on Pensions

During the audit of the 2018/19 Statement of Accounts the McCloud judgement was arrived by the Court of Appeal who held that transitional protections provided to older judges as part of the 2015 judicial pension reforms constituted unlawful direct age discrimination.

In response the Council commissioned a new actuarial report based on the actuals for 2018/19 rather than estimates as had been used in the draft statement. The report also covered the affects the McCloud judgement had on the pension liability.

Reclassification of Commercial Properties

For purposes of consistent description, certain transactions made in reliance upon S.12, LGA 2003 that were previously classified as investment properties will in future be classified as long term investments. The reason for this change is to distinguish between those expenditure transactions which may customarily be referred to as investment properties, and the different nature of investments that are made in reliance upon S.12.

Presented below are the effects of all the three restatements on the main statements to the accounts. They have also been reflected in the associated notes to the accounts, as well as the Group Accounts.

Restatement of the Comprehensive Income and Expenditure Statement (CIES)

The 2018/19 CIES has been restated as outlined above. In addition at the start of 2019/20 the Council restructured its directorates from 4 directorates to 5. As this was a material change the 2018/19 comparators have been restated accordingly.

2018/19

Draft 2018/19 SOA	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Corporate Services	25,032	(19,741)	5,291
Families & Wellbeing	283,999	(173,005)	110,994
Economic Regeneration, Growth & Environment	39,734	(15,809)	23,925
Corporate Finance	46,841	(58,623)	(11,782)
Central Charges	42,282	-	42,282
Cost of Services	437,888	(267,178)	170,710
Other Operating Expenditure			9,778
Financing & Investment Income & Expenditure			9,466
Taxation and Non-Specific Grant Income			(168,030)
(Surplus) or Deficit on Provision of Services			21,924
(Surplus) or Deficit on revaluation of non-current assets			(8,560)
(Surplus) or Deficit on revaluation of available for sale financial assets			-
Remeasurement of the net defined benefit liability			38,143
Other Comprehensive Income and Expenditure			29,783
Total Comprehensive Income and Expenditure			51,707

2018/19					
Restated 2018/19 Comparators	Restated Gross Expenditure £'000	Restated Gross Income £'000	Restated Net Expenditure £'000	Restatement £'000	
Corporate Services	9,528	(4,237)	5,291	-	
Families & Wellbeing	276,252	(170,968)	105,284	(5,710)	
Environment & Transport	31,904	(10,567)	21,337	(2,588)	0
Growth	10,353	(2,056)	8,297	8,297	
Corporate Finance	46,735	(58,516)	(11,781)	1	
Central Charges	45,223	-	45,223	2,941	
Cost of Services	419,995	(246,344)	173,651	2,941	
Other Operating Expenditure			9,778	-	
Financing & Investment Income & Expenditure			9,472	6	
Taxation and Non-Specific Grant Income			(168,030)	-	
(Surplus) or Deficit on Provision of Services			24,871	2,947	
(Surplus) or Deficit on revaluation of non-current assets			(8,360)	-	
(Surplus) or Deficit on revaluation of available for sale financial assets			-	-	
Remeasurement of the net defined benefit liability			55,662	17,519	
Other Comprehensive Income and Expenditure			47,302	17,519	
Total Comprehensive Income and Expenditure			72,173	20,466	
Reclassification of Commercial Properties					
Explanation of Restatements	2018/19 £'000	Restatement for McCloud £'000	Commercial Properties £'000	Total Restatements £'000	Restated 2018/19 £'000
Central Charges	42,282	2,941	-	2,941	45,223
Financing & Investment Income & Expenditure	9,466	39	(33)	6	9,472
(Surplus) or Deficit on Provision of Services	21,924	2,980	(33)	2,947	24,871
Remeasurement of the net defined benefit liability	38,143	17,519	-	17,519	55,662
Other Comprehensive Income and Expenditure	29,783	17,519	-	17,519	47,302
Total Comprehensive Income and Expenditure	51,707	20,499	(33)	20,466	72,173

Restatement of the Balance Sheet

	31st March 2019 £'000	31st March 2019 £'000	Restated s £'000
Property, Plant & Equipment	719,690	734,400	14,710
Heritage Assets	16,544	16,544	-
Investment Property	132,280	32,511	(99,769)
Intangible Assets	532	532	-
Long Term Investments	262,726	362,909	100,183
Long Term Debtors	141,727	141,727	-
Long Term Assets	1,273,499	1,288,623	15,124
Short Term Investments	25,140	25,140	-
Inventories	845	845	-
Short Term Debtors	59,620	59,620	-
Cash and Cash Equivalents	27,785	27,785	-
Assets Held for Sale	705	705	-
Current Assets	114,095	114,095	-
Cash and Cash Equivalents	-	-	-
Short Term Borrowing	(48,459)	(48,459)	-
Short Term Creditors	(58,038)	(58,038)	-
Provisions	(8,678)	(8,678)	-
Current Liabilities	(115,175)	(115,175)	-
Long Term Creditors	(3,949)	(3,949)	-
Grants Receipts in Advance - Capital	(2,145)	(2,145)	-
Grants Receipts in Advance - Revenue	(21,864)	(21,864)	-
Provisions	(2,590)	(2,590)	-
Long Term Borrowing	(827,070)	(827,070)	-
Long Term Pension Liabilities	(227,017)	(247,516)	(20,499)
Long Term Liabilities	(1,084,635)	(1,105,134)	(20,499)
Net Assets	187,784	182,409	(5,375)
Usable Reserves	54,851	54,851	-
Unusable Reserves	132,933	127,558	(5,375)
Total Reserves	187,784	182,409	(5,375)

Explanation of Restatements	31st March 2019 £'000	PPE Revaluation £'000	Reclassification of Restatement for McCloud Properties £'000		Total Restatement s £'000	Restated 2018/19 £'000
			Commercial Properties £'000	Total Restatement s £'000		
Property, Plant & Equipment	719,690	14,710			14,710	734,400
Investment Property	132,280		(99,769)	(99,769)		32,511
Long Term Investments	262,726		100,183	100,183		362,909
Long Term Pension Liabilities	(227,017)		(20,499)	(20,499)		(247,516)
		14,710	(20,499)	414	(5,375)	
Unusable Reserves	132,933	14,710	(20,499)	414	(5,375)	127,558
		14,710	(20,499)	414	(5,375)	

Restatement of Movement in Reserves Statement (MiRS)

		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
Draft 2018/19 SOA	Note(s)						
Balance as at 31 March 2018		42,610	5,219	10,695	58,524	180,967	239,491
<i>Movement in Reserves during the year</i>							
Total Comprehensive Income and Expenditure		(21,924)	-	-	(21,924)	(29,783)	(51,707)
Adjustments between accounting basis & funding basis under regulations	7	21,629	(1,969)	(1,408)	18,252	(18,252)	-
Increase or (Decrease) in Year		(295)	(1,969)	(1,408)	(3,672)	(48,035)	(51,707)
Balance as at 31 March 2019		42,315	3,250	9,287	54,852	132,932	187,784

		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
Restated 2018/19 Comparators	Note(s)						
Restated Balance as at 1 April 2018		42,610	5,219	10,695	58,524	196,058	254,582
<i>Movement in Reserves during the year</i>							
Total Comprehensive Income and Expenditure		(24,871)	-	-	(24,871)	(47,302)	(72,173)
Adjustments between accounting basis & funding basis under regulations	7	24,576	(1,969)	(1,408)	21,199	(21,199)	-
Increase or (Decrease) in Year		(295)	(1,969)	(1,408)	(3,672)	(68,501)	(72,173)
Restated Balance as at 31 March 2019		42,315	3,250	9,287	54,852	127,557	182,409

Restatements	Note(s)	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Total Unusable Reserves	Total Reserves of the Authority
		£'000	£'000	£'000	£'000	£'000	£'000
Restated Balance as at 1 April 2018		-	-	-	-	-	15,091
<i>Movement in Reserves during the year</i>							
Total Comprehensive Income and Expenditure		(2,947)	-	-	(2,947)	(17,519)	(20,466)
Adjustments between accounting basis & funding basis under regulations	7	2,947	-	-	2,947	(2,947)	-
Increase or (Decrease) in Year		-	-	-	-	(20,466)	(20,466)
Restated Balance as at 31 March 2019		-	-	-	-	(5,375)	(5,375)

	General Fund £'000	Total Unusable Reserves £'000
Total Comprehensive Income and Expenditure		
Balance as at 31 March 2018	(21,924)	(29,783)
Restatement for McCloud	(2,980)	(17,519)
Reclassification of Commercial Properties	33	
Total Restatements	(2,947)	(17,519)
Restated Balance as at 31 March 2019	(24,871)	(47,302)

	General Fund £'000	Total Unusable Reserves £'000
Adjustments between accounting basis & funding basis under regulations		
Balance as at 31 March 2018	21,629	(18,252)
Restatement for McCloud	2,980	(2,980)
Reclassification of Commercial Properties	33	
Total Restatements	2,947	(2,947)
Restated Balance as at 31 March 2019	24,576	(21,199)

Restatement of Cash Flow Statement

	Note(s)	2018/19 £'000	Restated 2018/19 £'000	Restate- ments £'000
Net (surplus) or deficit on the provision of services		(21,924)	(24,871)	(2,947)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	36	88,644	91,591	2,947
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	36	(81,975)	(81,975)	-
Net Cash Flows from Operating Activities		(15,255)	(15,255)	-
Investing Activities	37	(121,831)	(121,831)	-
Financing Activities	38	149,527	149,527	-
Net (increase) or decrease in cash and cash equivalents		12,441	12,441	-
Cash and cash equivalents at the beginning of the reporting period		15,344	15,344	-
Cash and cash equivalents at the end of the reporting period	27	27,785	27,785	-

Explanation of Restatements	Reclassification					Total Restated 2018/19 £'000
	2018/19 £'000	Restatement for McCloud £'000	tion of Commercial Properties £'000	Total Restate ments £'000		
Net (surplus) or deficit on the provision of services	(21,924)	(2,980)	33	(2,947)	(24,871)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements	88,644	2,980	(33)	2,947	91,591	

Restatement of Expenditure and Funding Analysis

Draft 2018/19 SOA	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	5,291	-	5,291
Families & Wellbeing	110,994	-	110,994
Economic Regeneration, Growth & Environment	23,925	-	23,925
Corporate Finance	(11,782)	-	(11,782)
Central Charges	(9,846)	52,128	42,282
Net Cost of Services	118,582	52,128	170,710
Other Income and Expenditure	(118,287)	(30,499)	(148,786)
(Surplus) or Deficit	295	21,629	21,924
Opening General Fund at 31 March 2018	(42,610)		
Less/Plus (Surplus) or Deficit on General Fund in Year	295		
Closing General Fund at 31 March 2019	(42,315)		

Restated 2018/19 Comparators	Restated Net Expenditure chargeable to the General Fund Balance £'000	Restated Adjustments between Funding and Accounting Basis £'000	Restated Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Corporate Services	5,291	-	5,291
Families & Wellbeing	105,284	-	105,284
Environment & Transport	21,337	-	21,337
Growth	8,297	-	8,297
Corporate Finance	(11,781)	-	(11,781)
Restated Central Charges	(6,905)	52,128	45,223
Restated Net Cost of Services	121,523	52,128	173,651
Restated Other Income and Expenditure	(121,228)	(27,552)	(148,780)
Restated (Surplus) or Deficit	295	24,576	24,871

Opening General Fund at 31 March 2018	(42,610)
Less/Plus (Surplus) or Deficit on General Fund in Year	295
Closing General Fund at 31 March 2019	(42,315)

Restatements	Restated Net Expenditure chargeable to the General Fund Balance £'000	Restated Adjustments between Funding and Accounting Basis £'000	Restated Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Corporate Services	-	-	-
Families & Wellbeing	(5,710)	-	(5,710)
Environment & Transport	(2,588)	-	(2,588)
Growth	8,297	-	8,297
Corporate Finance	1	-	1
Restated Central Charges	2,941	-	2,941
Restated Net Cost of Services	2,941	-	2,941
Restated Other Income and Expenditure	(2,941)	2,947	6
Restated (Surplus) or Deficit	-	2,947	2,947

Opening General Fund at 31 March 2018	0
Less/Plus (Surplus) or Deficit on General Fund in Year	0
Closing General Fund at 31 March 2019	0

Explanation of Restatements	2018/19 £'000	Reclassification			Total Restated 2018/19 £'000
		Restatement nt for McCloud £'000	tion of Commercial Properties £'000	Restateme nts £'000	
Restated Net Expenditure in the Comprehensive Income and Expenditure Statement					
- Central Charges	42,282	2,941		2,941	45,223
- Other Income and Expenditure	(148,786)	39	(33)	6	(148,780)
Restated Adjustments between Funding and Accounting Basis					
- Other Income and Expenditure	(30,499)	2,980	(33)	2,947	(27,552)
Restated Net Expenditure chargeable to the General Fund Balance					
- Central Charges	(9,846)	2,941	-	2,941	(6,905)
- Other Income and Expenditure	(118,287)	(2,941)	-	(2,941)	(121,228)

Collection Fund

2018/19			2019/20		
Business Rates £'000	Council Tax £'000	Total £'000	Business Rates £'000	Council Tax £'000	Total £'000
10,508	(966)	9,542	Opening fund Balance	4,200	936
Amounts required by statute to be credited to the Collection Fund:					
-	(113,898)	(113,898)	Council Tax (net receivable)	-	(119,461)
(109,125)	-	(109,125)	Non-domestic rates (net receivable)	(105,676)	-
6,327	-	6,327	Transitional protection payments non-domestic rates	2,980	2,980
(10,604)	-	(10,604)	Contributions towards previous year's Collection Fund deficit - non-domestic rates	(6,777)	-
Amounts required by statute to be debited to the Collection Fund:					
			Precepts and demands from major preceptors and the authority - council tax		
-	11,908	11,908	- Cheshire Police Authority	-	13,608
-	5,094	5,094	- Cheshire Fire Service	-	5,278
-	96,039	96,039	- Warrington Borough Council and Parishes	-	99,539
			Shares of non-domestic rating income to major preceptors and the authority - non-domestic rates		
1,041	-	1,041	- Cheshire Fire Service	1,065	-
51,018	-	51,018	- Warrington Borough Council and Parishes	52,181	-
52,059	-	52,059	Payment with respect to central share of the non-domestic rating income to be paid to central government by billing authorities	53,246	-
			Impairment of debts/appeals for council tax:		
-	1,089	1,089	- write-offs of uncollectable amounts	-	2
-	470	470	- allowance for impairment	-	-
			Impairment of debts/appeals for non-domestic rates:		
676	-	676	- write-offs of uncollectable amounts	(1)	-
(374)	-	(374)	- allowance for impairment	92	-
296	-	296	Charge to General Fund for allowable collection costs for non-domestic rates	295	-
2,378	-	2,378	Other transfers to General Fund in accordance with non-domestic rates regulations	(1,209)	-
	1,200	1,200	Contributions towards previous year's Collection Fund	-	(750)
(6,308)	1,902	(4,406)	Movement on fund balance	(3,804)	(1,784)
4,200	936	5,136	Starting Balance	396	(848)
2,058	793	2,851	Warrington Borough Council	194	(707)
-	100	100	Cheshire Police Authority	-	(103)
42	43	85	Cheshire Fire Authority	4	(38)
2,100	-	2,100	Government	198	-
4,200	936	5,136	Total	396	(848)
					(452)

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	23,310	6/9	15,540
B	£40,000 - £52,000	18,415	7/9	14,323
C	£52,000 - £68,000	17,563	8/9	15,611
D	£68,000 - £88,000	10,991	9/9	10,991
E	£88,000 - £120,000	6,847	11/9	8,369
F	£120,000 - £160,000	4,260	13/9	6,153
G	£160,000 - £320,000	2,519	15/9	4,198
H	£320,000 and over	176	18/9	351
		84,110		75,552

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	74,895
Less: Tax Base relating to Council Tax Support Allowance	(7,003)
Council Tax Base for Tax Setting	67,892

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 (50.4p for 2019/20 and 49.1p 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 £250,092,702.

The business rates shares payable for 2019/20 were estimated before the start of the financial year as £53.246m to Central Government, £1.065m to Cheshire Fire Council and £52.181m to Warrington Council. These sums have been paid in 2019/20 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 2019/20 to the value of £16.766m.

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 administering 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, WBC Birchwood Park Trustee Limited, Redwood Financial Partners Limited, Wire Regeneration, Incrementum Housing Development Company, Together Energy, and Warrington Renewables (York).

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 2020	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 £'000	Total Group Reserves £'000
Restated Balance as at 1 April 2018		42,610	5,219	10,695	58,524	196,058	254,582	7,239	261,821
<i>Movement in Reserves during the year</i>									
Total Comprehensive Income and Expenditure		(24,871)	-	-	(24,871)	(47,302)	(72,173)	931	(71,242)
Adjustments between accounting basis & funding basis under regulations	7	24,576	(1,969)	(1,408)	21,199	(21,199)	-	-	-
Increase or (Decrease) in Year		(295)	(1,969)	(1,408)	(3,672)	(68,501)	(72,173)	931	(71,242)
Restated Balance as at 31 March 2019		42,315	3,250	9,287	54,852	127,557	182,409	8,170	190,579
<i>Movement in Reserves during the year</i>									
Total Comprehensive Income and Expenditure		(38,643)	-	-	(38,643)	162,691	124,048	(26,998)	97,050
Adjustments between accounting basis & funding basis under regulations	7	61,945	(3,225)	9,602	68,322	(68,322)	-	-	-
Increase or (Decrease) in Year		23,302	(3,225)	9,602	29,679	94,369	124,048	(26,998)	97,050
Balance as at 31 March 2020		65,617	25	18,889	84,531	221,926	306,457	(18,828)	287,629

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2020

Restated Gross Expenditure £'000	2018/19			2019/20		
	Restated Gross Income £'000	Resated Net Expenditure £'000	Note(s)	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
9,528	(4,237)	5,291	Corporate Services	11,455	(5,490)	5,965
276,252	(170,968)	105,284	Families & Wellbeing	278,681	(175,307)	103,374
31,849	(10,567)	21,282	Environment & Transport	32,439	(13,228)	19,211
10,353	(2,056)	8,297	Growth	10,033	(2,822)	7,211
46,735	(49,866)	(3,131)	Corporate Finance	47,068	(69,450)	(22,382)
45,223	-	45,223	Central Charges	48,237	-	48,237
10,011	(10,053)	(43)	Warrington Borough Transport	10,219	(10,407)	(188)
1,142	(9,792)	(8,650)	Birchwood Park	440	(10,932)	(10,492)
-	-	-	Incrementum Housing Development Co	144	(28)	116
-	-	-	Together Energy	40,721	(40,855)	(134)
-	-	-	Warrington Renewables (York)	341	(79)	262
431,093	(257,539)	173,553	Cost of Services	479,778	(328,598)	151,180
		9,775	Other Operating Expenditure	10		33,417
		9,521	Financing & Investment Income & Expenditure	11		33,835
		(168,030)	Taxation and Non-Specific Grant Income	12		(179,666)
		24,819	(Surplus) or Deficit on Provision of Services			38,766
		391	Restated (Surplus) or Deficit on Provision of Services by Associates & Joint Ventures			664
		25,210	Restated Group (Surplus)/Deficit			39,430
		(6,165)	(Surplus) or Deficit on revaluation of non-current assets	33		(25,565)
		-	(Surplus) or Deficit on revaluation of available for sale financial assets	33		2,429
		3,670	Issue of New Units in Birchwood Park			-
		-	Acquisition of Share Capital			26,467
		(7,135)	Share of Other Comprehensive Income and Expenditure of Associates			(1,197)
		55,662	Remeasurement of the net defined benefit liability	32		(138,614)
		46,032	Other Comprehensive Income and Expenditure			(136,480)
		71,242	Total Comprehensive Income and Expenditure			(97,050)

Analysis of Group Comprehensive Income and Expenditure Statement by Group Entities

Restated		
2018/19		2019/20
£'000		£'000
Group (Surplus)/Deficit attributable to:		
24,871	- Restated Warrington Borough Council	38,643
(52)	- Warrington Borough Transport	(125)
	- Birchwood Park	-
471	- Redwood Financial Partners Limited	674
(80)	- Wire Regeneration	(10)
	- Incrementum Housing Development Co	120
	- Together Energy	(134)
	- Warrington Renewables (York)	262
25,210	Total Group (Surplus)/Deficit	39,430
Other Comprehensive Income and Expenditure attributable to:		
47,302	- Restated Warrington Borough Council	(162,691)
	- Warrington Borough Transport	-
5,865	- Birchwood Park	941
(7,135)	- Redwood Financial Partners Limited	(1,197)
	- Wire Regeneration	-
	- Incrementum Housing Development Co	-
	- Together Energy	18,312
	- Warrington Renewables (York)	8,155
46,032	Total Other Comprehensive Income and Expenditure	(136,480)
71,242	Total Comprehensive Income and Expenditure	(97,050)

Group Balance Sheet as at 31 March 2020

	Notes	Resated March 2019 £'000	31st March 2019 £'000	31st March 2020 £'000
Property, Plant & Equipment		739,033	818,939	
Heritage Assets	22	16,544	16,973	
Investment Property	GR 9	244,011	264,056	
Intangible Assets		532	574	
Restated Investments in Associates & Joint Ventures	GR 13	40,384	6,759	
Long Term Investments	GR 13	113,158	370,576	
Long Term Debtors	25	141,727	162,483	
Long Term Assets		1,295,389	1,640,360	
Short Term Investments	GR 13	25,140	278,635	
Inventories	GR 13	1,037	1,071	
Short Term Debtors	GR 10	68,970	101,318	
Cash and Cash Equivalents	GR 11	33,680	126,770	
Assets Held for Sale		705	-	
Current Assets		129,532	507,794	
Short Term Borrowing	GR 13	(48,459)	(153,614)	
Short Term Creditors	GR 12	(70,221)	(108,044)	
Provisions	29	(8,678)	(8,367)	
Current Liabilities		(127,358)	(270,025)	
Long Term Creditors	28	(5,694)	(8,540)	
Deferred Tax		(105)	(104)	
Grants Receipts in Advance - Capital	20	(2,145)	(5,067)	
Grants Receipts in Advance - Revenue	20	(21,864)	(21,390)	
Provisions	29	(2,590)	(2,590)	
Long Term Borrowing	GR 13	(827,070)	(1,420,067)	
Long Term Pension Liabilities	32	(247,516)	(132,742)	
Long Term Liabilities		(1,106,984)	(1,590,500)	
Net Assets		190,579	287,629	
Usable Reserves	9	63,021	65,703	
Unusable Reserves	33	127,558	221,926	
Total Reserves		190,579	287,629	

Group Cash Flow Statement for the year ended 31 March 2020

	Note(s)	Restated 2018/19 £'000	2019/20 £'000
Net (surplus) or deficit on the provision of services		(24,819)	(65,233)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	GR 14	96,590	108,165
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	GR 14	(81,978)	(54,122)
Net Cash Flows from Operating Activities		(10,207)	(11,190)
Investing Activities	GR 15	(126,780)	(656,443)
Financing Activities	GR 15	150,934	760,723
Net (increase) or decrease in cash and cash equivalents		13,947	93,090
Cash and cash equivalents at the beginning of the reporting period		19,733	33,680
Cash and cash equivalents at the end of the reporting period	GR 11	33,680	126,770

Notes to the Group Accounts

1 Significant Judgements on 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.

Subsidiaries are consolidated into group accounts on a line by line basis.

Associates

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

Associates are consolidated into group accounts using equity accounting. Equity accounting requires the movement in the proportionate shareholding of the company's net assets be added or deducted from the original investment into the associate. This is calculated on an annual basis. This investment is shown on a separate line on the Group Balance Sheet.

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.

The proportionate share of the Joint Venture is consolidated into the group accounts.

Group Entities

Warrington Borough Transport Limited (WBT) trading as Warrington's Own Buses

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.

WBT has been classified as a subsidiary company by the Council, as it is wholly owned by the Council and the Council is able to receive a dividend from Warrington Borough Transport.

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

Warrington Borough Transport Limited
Wilderspool Causeway
Warrington
WA4 6PT

WBC Birchwood Park Trustee Limited (Birchwood Park)

In September 2017 the Council purchased units in a Jersey Property Unit Trust (JPUT) through WBC Birchwood Park Trustee Limited. WBC Birchwood Park Trustee Limited is wholly owned by Warrington Borough Council.

The Trustee Company has three directors, two in Jersey, the third is the CEO of Warrington Borough Council (as outlined in the Related Parties Note to the single entity accounts) who operate the JPUT. The operation of the JPUT is controlled through a Trust Instrument that contains a number of 'Reserved Matters', which the Trust must go back to the Council for decision on.

The Trustee Company through the JPUT solely owns Birchwood Park industrial estate, which is an area in Warrington containing various investment properties.

The Council has classified WBC Birchwood Park Trustee Limited as a subsidiary of the Council as it is wholly owned by the Council, and the Council controls the company through the Trust Instrument, which it must operate under.

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

Patrizia UK Limited
200 Cedarwood
Crockford Lane
Chineham Park
Basingstoke
RG24 8AL

Redwood Financial Partners Limited (Redwood Bank)

The Council has invested £30m 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. This investment gives the council a 33% share of RFPL.

As the Council owns greater than 20% shareholdings in Redwood Financial Partners Limited it has been categorised as an Associate to the Council and has been consolidated into the group accounts.

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

Redwood Financial Partners Limited,
43 Harwood Road,
London
SW6 4QP

Wire Regeneration Limited

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.

For Wire Regeneration Limited, their financial transactions have been found to be material to the single entity financial statement, it has been categorised as a Joint Venture and has been consolidated into group accounts.

Incrementum Housing Development Co & Incrementum Housing Management Co

In February 2019 the Council created two wholly-owned housing companies whose aim is to provide high quality homes and to generate rental income. At present the Management Company is dormant, while the Development Company is developing its first two housing projects.

Both companies have been classified as subsidiaries of the Council. However, only the Development Company has been consolidated into the group accounts, as the Management Company is dormant.

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

Incrementum Housing Development Co Limited & Incrementum Housing Management Co Limited,
New Town House,
Buttermarket Street,
Warrington
WA1 2NH

Together Energy

On 21 October 2019 the Council purchased a 50% shareholding in Together Energy Limited by way of 7% fixed dividend preference shares costing £18m.

Due to the terms of the Investment Agreement the Council has effectively 90% of the voting rights in specific situations, which effectively gives the Council control of the company. It has therefore been determined that Together Energy is treated as a subsidiary of the Council for consolidation into group accounts.

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

Together Energy Limited,
Erskine House North Avenue,
Clydebank Business Park,
Clydebank,
Dunbartonshire,
Scotland, G81 2DR

Warrington Renewables (York)

In December 2019 the Council purchased Energy Store 6 Limited, which was later renamed to Warrington Renewables (York) Limited. The company owns a 34.7MWp solar farm, coupled with a 27MW battery storage system, on land near York. The aim of this company is to supply green energy to commercial/public sector customers providing additional income for the council and potentially encouraging regeneration investment in the Warrington area.

As the company is wholly owned by the Council it has been determined to be a subsidiary of the Council.

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

Warrington Renewables (York) Limited,
Warrington Borough Council,
Town Hall,
Sankey Street,
Bewsey and Whitecross,
Warrington, WU1 1UH

Warrington Sports Holdings

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%.

Other Minority Interests

The Council also has interest in Warrington & Co and Warrington 2000+. However, Warrington & Co is not trading entity therefore has no transactions to consolidate within

the Group Accounts. Warrington 2000+ has net assets of £1.3m as at 31/03/2018 and was deemed to be immaterial and has not been consolidated into the Group Accounts.

2 Accounting Periods

The financial year-end for Warrington Borough Transport and Wire Regeneration is 31 March. Management accounts as at 31 March 2020 have been used to consolidate them into the Council's Group Accounts.

The financial year-end for Redwood Bank and Birchwood Park is 31 December.

- Final accounts for 31 December 2019 and management accounts for the first quarter of 2020 have been used to consolidate Redwood Bank into the Group Accounts.
- Draft accounts for 31 December 2019 and management accounts for the first quarter of 2020 have been used to consolidate Birchwood Park into the Group Accounts.

The financial year-end for Incrementum Housing Development Co and Warrington Renewables (York) is 31 March. Draft accounts as at 31 March 2020 have been used to consolidate them into the Council's Group Accounts.

The financial year-end for Together Energy is 31 October. Management accounts from the point of purchase have been used to consolidate it into the Group Accounts.

3 Accounting Policies

The accounts for all of the consolidated entities are prepared under FRS 102, which is the updated UK GAAP that came into effect from 1 April 2015. The Accounting Policies of all consolidated group entities have been examined and have been found to have no material difference with those of Warrington Borough Council and the Code of Practice.

Therefore there has been no conversion of the group entities accounts as part of the group consolidation.

4 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.

5 Significant Restrictions in Relation to Group Entities

The only significant restriction on the Council's ability to access or use the assets and settle the liabilities of the group entities are the regulatory restrictions surrounding WBC Birchwood Park Trustee Limited, which currently operates through a Jersey Property Unit Trust (JPUT), and must therefore comply with the regulatory framework of Jersey. The JPUT is valued at £220.9m.

6 Risk Associated with Group Entities

A full risk analysis is carried on investments in Group Entities. The Council's Capital Strategy fully explains the risk profile of the Council (<https://www.warrington.gov.uk/sites/default/files/2019-08/Capital%20Strategy%202019-20.pdf>).

For the 2019/20 Statement of Accounts the Council does not have any contractual obligations that require the Council to provide financial support in the event of any losses occurred by the Group Entities.

However, in April 2020 the Council entered into a tri-partite agreement between Together Energy, BP and Warrington Borough Council which guarantees payment between Together Energy and BP up to £10m. This arrangement has been assessed as a non-adjusting post balance sheet event for the 2019/20 group accounts.

7 Expenditure and Income Analysed by Nature

Expenditure/Income	2018/19	2019/20
	£'000	£'000
<u>Expenditure</u>		
Employee benefits expenses	179,512	182,906
Other service expenses	268,038	313,893
Depreciation, amortisation, impairment	32,615	52,442
Interest payments	16,043	21,072
Expenditure relating to investment properties	10,229	19,285
Precepts and levies	2,122	2,235
Total expenditure	508,559	591,833
<u>Income</u>		
Fees, charges and other service income	(136,816)	(191,182)
Interest and investment income	(11,075)	(12,093)
Income relating to investment properties	(10,531)	(11,708)
Income from council tax, non-domestic rates	(95,651)	(100,602)
Government grants and contributions	(229,667)	(237,481)
Total Income	(483,740)	(553,066)
Surplus or Deficit on the Provision of Services	24,819	38,766

8 Property, Plant and Equipment

Movements in 2019/20

	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	Group Entities £'000	Total Group PPE £'000
<u>Cost or Valuation</u>									
Balance as at 1 April 2019	368,321	263,309	55,587	16,001	108,181	3,742	815,141	14,710	829,851
Additions	12,758	25,153	3,981	177	26,680	-	68,749	47,534	116,283
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	(12,459)	-	-	-	-	(51)	(12,510)	-	(12,510)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	24,320	-	-	-	-	(242)	24,078	-	24,078
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,478)	-	-	-	-	(175)	(1,653)	-	(1,653)
Derecognition - disposals	(23,279)	(3,335)	(3,089)	-	(5,204)	(21)	(34,928)	-	(34,928)
Reclassifications & transfers	15,920	1,861	-	808	(19,622)	387	(646)	-	(646)
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	705	705	-	705
Reclassified (to)/from Investment Properties	(610)	(460)	-	-	(2,822)	397	(3,495)	-	(3,495)
Balance as at 31 March 2020	383,493	286,528	56,479	16,986	107,213	4,742	855,441	62,244	917,685
<u>Depreciation and Impairment</u>									
Balance as at 1 April 2019	17,756	37,138	25,841	6	-	-	80,741	10,077	90,818
Depreciation charge	7,669	6,589	4,165	-	-	-	18,423	5,953	24,376
Accumulated depreciation written out to GCA	(12,459)	-	-	-	-	(51)	(12,510)	-	(12,510)
Depreciation - disposals	(1,536)	(166)	(2,234)	-	-	(2)	(3,938)	-	(3,938)
Reclassifications & transfers	(53)	-	-	-	-	53	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	11,377	43,561	27,772	6	-	-	82,716	16,030	98,746
<u>Net Book Value</u>									
Balance as at 31 March 2020	372,116	242,967	28,707	16,980	107,213	4,742	772,725	46,214	818,939
Balance as at 31 March 2019	350,565	226,171	29,746	15,995	108,181	3,742	734,400	4,633	739,033

Movements in 2018/19

	Land & Buildings £'000	Infrastructure Assets £'000	Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total PPE £'000	Group Entities £'000	Total Group PPE £'000
Cost or Valuation									
Balance as at 1 April 2018	355,638	238,351	54,566	15,074	69,417	4,785	737,831	12,452	750,283
Additions	4,464	23,971	2,227	811	62,622	-	94,095	2,258	96,353
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	(4,688)	-	-	-	-	-	(4,688)	-	(4,688)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,737	-	-	-	-	-	7,737	-	7,737
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,988)	-	-	-	-	-	(6,988)	-	(6,988)
Derecognition - disposals	(8,763)	-	(1,206)	-	(812)	(1,043)	(11,824)	-	(11,824)
Reclassifications & transfers	21,943	987	-	116	(23,046)	-	-	-	-
Reclassified (to)/from Assets Held for Sale	(705)	-	-	-	-	-	(705)	-	(705)
Reclassified (to)/from Investment Properties	(317)	-	-	-	-	-	(317)	-	(317)
Balance as at 31 March 2019	368,321	263,309	55,587	16,001	108,181	3,742	815,141	14,710	829,851
Depreciation and Impairment									
Balance as at 1 April 2017	16,070	31,173	22,626	6	-	292	70,167	9,245	79,412
Depreciation charge	7,159	5,965	4,030	-	-	48	17,202	832	18,034
Accumulated depreciation written out to GCA	(4,688)	-	-	-	-	-	(4,688)	-	(4,688)
Depreciation - disposals	(748)	-	(815)	-	-	(340)	(1,903)	-	(1,903)
Reclassifications & transfers	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	(37)	-	-	-	-	-	(37)	-	(37)
Balance as at 31 March 2019	17,756	37,138	25,841	6	-	-	80,741	10,077	90,818
Net Book Value									
Balance as at 31 March 2019	350,565	226,171	29,746	15,995	108,181	3,742	734,400	4,633	739,033
Balance as at 31 March 2018	339,568	207,178	31,940	15,068	69,417	4,493	667,664	3,207	670,871

9 Investment Properties

	2018/19 £'000	2019/20 £'000
Balance as at the start of the year	243,083	244,011
Disposals	(127)	(2,339)
Net gains/(losses) from fair value adjustments	(1,919)	(29,793)
Additions	2,695	48,682
Transfers (to)/ from Assets Held for Sale	-	-
Transfers (to)/ from Property, Plant and Equipment	279	3,495
Balance as at end of the year	244,011	264,056

Fair Value Hierarchy

Details of Group investment properties and information about the fair value hierarchy as at 31 March 2020 and 2019 are as follows:

2019/20	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	-	4,023	334	4,357
Retail Units	-	12,892	-	12,892
Industrial Units	-	223,368	-	223,368
Other	-	23,439	-	23,439
Total	-	263,722	334	264,056

2018/19	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	-	3,918	6,849	10,767
Retail Units	-	2,307	3,193	5,500
Industrial Units	-	211,500	2,508	214,008
Retail Warehouse	-	-	3,799	3,799
Other	-	9,276	661	9,937
Total	-	227,001	17,010	244,011

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 2019 £'000	31 March 2020 £'000
Opening Balance	12,074	17,010
Correction to Opening Balance	(118)	-
Transfers into Level 3	8,986	2,185
Transfers out of Level 3	(3,826)	(19,128)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	14	217
Additions	-	50
Disposals	(120)	-
Closing Balance	17,010	334

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.

Valuation Process for Investment Properties

The fair value of the council's investment property is measured annually at each reporting date. All valuations; except for the Industrial Units contained in the Birchwood Park Industrial Estate, 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.

The valuation for the Birchwood Park Industrial Estate was carried out by Cushman & Wakefield, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

10 Short Term Debtors

	31/03/19 £'000	31/03/20 £'000
<u>Short-term Debtors</u>		
Central Government Bodies	13,348	16,900
Other Local Authorities	1,522	1,600
NHS Bodies	8,690	10,582
Public Corporations and Trading Funds	-	(2)
Other Entities and Individuals	45,410	72,238
Total Short-term Debtors	68,970	101,318

11 Cash and Cash Equivalents

	31/03/19	31/03/20
	£'000	£'000
Cash on hand and balances with banks	3,864	15,207
Short-term Deposits	29,816	111,563
Total Cash and Cash Equivalents	33,680	126,770

12 Creditors

	31/03/19	31/03/20
	£'000	£'000
Short-term Creditors		
Central Government Bodies	9,435	16,824
Other Local Authorities	4,142	5,415
NHS Bodies	1,611	2,735
Public Corporations and Trading Funds	36	-
Other Entities and Individuals	54,997	83,070
Total Short-term Creditors	70,221	108,044
Long-term Creditors		
Other Entities and Individuals	5,694	8,540
Total Creditors	75,915	116,584

13 Financial Instruments

Categories of Financial Instruments

The Council's financial instruments include financial assets (investments 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.

The following categories of financial instruments are carried on the Balance Sheet:

Financial Assets	Long Term				Short Term				Total	
	Investments		Debtors		Investments		Debtors		31 March	31 March
	31 March 2019 £'000	31 March 2020 £'000	2019 £'000	2020 £'000						
Amortised Cost										
• Warrington Borough Council	549	549	32,883	32,982	15,140	270,000	59,620	72,659	108,193	376,190
• Warrington Borough Transport	-	-	-	-	-	-	871	1,042	871	1,042
• Birchwood Park	-	-	-	-	-	-	8,479	5,107	8,479	5,107
• Incrementum Housing Development	-	-	-	-	-	-	-	34	-	34
• Together Energy	-	-	-	-	-	-	-	21,948	-	21,948
• Warrington Renewables (York)	-	-	-	-	-	-	-	528	-	528
Fair Value through Profit or Loss	10,776	30,398	-	-	10,000	8,635	-	-	20,777	39,033
Fair Value through Other Comprehensive Income - Designated Equity Instruments	1,650	1,331	-	-	-	-	-	-	1,650	1,331
Total Financial Assets	12,976	32,278	32,883	32,982	25,140	278,635	68,970	101,318	139,969	445,213
Loans to Housing Associations	-	-	108,844	129,500	-	-	-	-	108,844	129,500
Commercial Loans	-	-	-	1,916	-	-	-	-	-	1,916
Commercial Properties	100,183	302,918	-	-	-	-	-	-	100,183	302,918
Equity in Group Entities Not Consolidated	-	665	-	-	-	-	-	-	-	665
Total	113,159	335,861	141,727	164,398	25,140	278,635	68,970	101,318	348,996	880,212

	Long Term				Short Term				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31 March 2019 £'000	31 March 2020 £'000								
Financial Liabilities										
Amortised Cost										
• Warrington Borough Council	823,170	1,416,294	183	208	48,341	153,488	57,983	67,937	929,677	1,637,927
• Warrington Borough Transport	-	-	1,745	2,185	-	-	1,491	1,438	3,236	3,623
• Birchwood Park	-	-	-	-	-	-	10,747	10,922	10,747	10,922
• Incrementum Housing Development	-	-	-	-	-	-	-	558	-	558
• Together Energy	-	-	-	2,555	-	-	-	25,344	-	27,899
• Warrington Renewables (York)	-	-	-	-	-	-	-	3,239	-	3,239
Total Financial Liabilities	823,170	1,416,294	1,928	4,948	48,341	153,488	70,221	109,438	943,660	1,684,168
PFI	3,900	3,773	3,075	2,902	118	126	-	-	7,093	6,801
Leases	-	-	691	691	-	-	-	-	691	691
Total	827,070	1,420,067	5,694	8,541	48,459	153,614	70,221	109,438	951,444	1,691,660

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 financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised costs. The fair values calculated are as follows:

Financial Liabilities	31 March 2019		31 March 2020	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<i>Financial liabilities held at amortised cost:</i>				
Borrowings	875,529	967,802	1,573,681	1,626,662
Creditors:				
• Warrington Borough Council	61,987	61,987	71,738	71,738
• Warrington Borough Transport	3,236	3,236	3,623	3,623
• Birchwood Park	10,747	10,747	10,922	10,922
• Incrementum Housing Development	-	-	558	558
• Together Energy	-	-	25,344	25,344
• Warrington Renewables (York)	-	-	3,239	3,239
Total	951,499	1,043,772	1,689,105	1,742,086
Financial Assets	31 March 2019		31 March 2020	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<i>Financial assets held at amortised cost:</i>				
Investments	15,689	15,689	270,549	270,549
Debtor General:				
• Warrington Borough Council	92,504	92,504	105,678	105,678
• Warrington Borough Transport	871	871	1,042	1,042
• Birchwood Park	8,479	8,479	5,107	5,107
• Incrementum Housing Development	-	-	34	34
• Together Energy	-	-	21,948	21,948
• Warrington Renewables (York)	-	-	528	528
Long-term Debtor Housing Associations	108,844	150,982	129,500	166,804
Long-term Debtor Commercial Loans	-	-	1,916	5,785
Total	226,387	268,525	536,303	577,475

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

Fair Value Hierarchy for Financial Assets and Financial Liabilities that are Not Measured at Fair Value

31 March 2020

	Quoted prices in active markets	Other for significant identical assets	Significant observable inputs	Total
	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000	£'000
Financial liabilities held at amortised cost:				
Borrowings				
Creditors:				
• Warrington Borough Council	-	-	71,738	71,738
• Warrington Borough Transport	-	-	3,623	3,623
• Birchwood Park	-	-	10,922	10,922
• Incrementum Housing Development	-	-	558	558
• Together Energy	-	-	25,344	25,344
• Warrington Renewables (York)	-	-	3,239	3,239
Total	-	1,625,189	116,897	1,742,086
Financial assets held at amortised cost:				
Investments				
Debtors:				
• Warrington Borough Council	-	-	278,267	278,267
• Warrington Borough Transport	-	-	1,042	1,042
• Birchwood Park	-	-	5,107	5,107
• Incrementum Housing Development	-	-	34	34
• Together Energy	-	-	21,948	21,948
• Warrington Renewables (York)	-	-	528	528
Total	-	-	577,475	577,475

31 March 2019

	Quoted prices in active markets	Other	for significant identical observa assets	Significant observable unobserva inputs	Total
	(Level 1) £'000	(Level 2) £'000	(Level 3) £'000		£'000
Financial liabilities held at amortised cost:					
Borrowings					
Borrowings	-	966,818	984	967,802	
Creditors:					
• Warrington Borough Council	-	-	61,987	61,987	
• Warrington Borough Transport	-	-	3,623	3,623	
• Birchwood Park	-	-	10,922	10,922	
Total	-	966,818	77,516	1,044,334	
Financial assets held at amortised cost:					
Investments					
Investments	-	966,818	984	967,802	
Debtors:					
• Warrington Borough Council	-	-	61,987	61,987	
• Warrington Borough Transport	-	-	3,623	3,623	
• Birchwood Park	-	-	10,922	10,922	
Total	-	966,818	77,516	1,044,334	

The measurement technique of Level 3 measurements is at cost only.

14 Cash Flow Statement – Operating Activities

	Note(s)	31/03/19 £'000	31/03/20 £'000
Depreciation	21	20,791	19,135
Revaluation (loss)/gain		7,529	2,145
Amortisation		61	127
Increase/decrease in impairment for bad debts		(254)	(133)
Increase/decrease in creditors		3,217	38,224
Increase/decrease in debtors		(13,949)	(54,005)
Increase/decrease in inventories		(194)	(34)
Movement in pension liability		11,721	19,917
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised		49,500	15,140
Other non-cash items charged to the net surplus or deficit on the provision of services		18,168	67,649
		96,590	108,165

	Note(s)	31/03/19 £'000	31/03/20 £'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)		(2,519)	(1,593)
Proceeds from sale of property, plant and equipment, investment property and intangible assets		(49,503)	(15,143)
Any other items for which the cash effects are investing or financing cashflows		(29,956)	(37,386)
		(81,978)	(54,122)

15 Cash Flow Statement – Investing Activities

	Note(s)	31/03/19 £'000	31/03/20 £'000
Purchases of property, plant & equipment, investment properties and intangible assets		(95,161)	(144,465)
Purchase of short-term and long-term investments		(122,181)	(567,001)
Proceeds from the sale of property, plant & equipment, investment property and intangible assets		2,522	1,596
Proceeds of short-term and long-term investments		49,500	15,140
Other receipts for investing activities		38,540	38,287
		(126,780)	(656,443)

16 Cash Flow Statement – Financing Activities

	Note(s)	31/03/19 £'000	31/03/20 £'000
Cash receipts of short-term and long-term borrowing		233,197	924,059
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts		(110)	(119)
Repayments of short-term and long-term borrowing		(82,153)	(163,217)
		150,934	760,723

17 Summarised Information of Associate and Joint Venture

IFRS 12 requires summarised information (except where material) for associates and joint ventures consolidated in to the group accounts. Presented below is a summarised

Statement of Consolidated Income and Consolidated Statement of Financial Position for
Redwood Financial Partners Limited.

DRAFT

2018/19		2019/20
£'000	Statement of Consolidated Income	£'000
(4,021) Interest Income		(10,363)
1,176 Interest Expense		2,910
6,001 Administrative Expenditure		8,121
3,156 Operating Loss for the Financial Period	668	
24 Other Comprehensive Income for the Period		904
3,180 Total Comprehensive Income for the Period	1,572	
31/03/19	Consolidated Statement of Financial Position	31/03/20
£'000	Position	£'000
	Assets	
169,234 Cash and Cash Equivalents		295,855
713 Fixed Assets and Other Assets		727
169,947 Total Assets		296,582
	Liabilities	
(139,955) Deposits		(264,027)
(1,680) Other Liabilities		(2,671)
(141,635) Total Liabilities		(266,698)
28,312 Net Assets		29,884
(28,312) Equity		(29,884)

Presented below is a summarised Statement of Consolidated Income and Consolidated Statement of Financial Position for Wire Regeneration Limited.

2018/19		2019/20
£'000		£'000
832 Turnover		1,258
(386) Cost of Sales		(866)
446 Gross Profit		392
(248) Administrative Expenses		(374)
198 Operating profit	18	
3 Interest Receivable and Similar Income		2
Gain Arising on Fair Value of Investment		
- Property		-
201 Profit Before Tax		20

	2018/19 £'000	2019/20 £'000
Fixed Assets		
Tangible assets	-	-
Investment property	9,432	8,326
	9,432	8,326
Current Assets		
Stocks	-	851
Debtors	205	54
Cash at Bank and in Hand	325	534
	530	1,439
Creditors	(626)	(312)
Net Current Assets	(96)	1,127
Provisions	-	(97)
Total Assets less Current Liabilities	9,336	9,356
Deferred Tax	-	-
Net Assets	9,336	9,356
Capital and Reserves		
Share Capital	7,408	7,408
Profit and loss account	1,928	1,948
	9,336	9,356

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.

ACCRAULS

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 finance 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.

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.

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.

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.

INVESTMENT PROPERTIES

Investment Properties represent capital expenditure acquisitions made in reliance upon the GPOC or other service, or expenditure facilitating power.

JERSEY PROPERTY UNIT TRUST (JPUT)

A Jersey Property Unit Trust (JPUT) is a specific type of Jersey trust which is commonly used to acquire and hold interests in UK real estate. Unlike a company, a JPUT is not a separate legal entity.

The assets of the JPUT are held by its trustee on trust for the unitholders of the JPUT. The unitholders hold units in the JPUT, similar to shareholders holding shares in a company.

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)

An annual prudent provision for charges to revenue in respect of outstanding capital debt liability.

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 revenue expenditure, which statute provides shall be treated as capital expenditure.

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 from 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 2019/20 financial year and its position at 31 March 2020. The Council is required by the Accounts and Audit Regulations 2015 to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Council Accounting in the United Kingdom 2019/20 ("the Code), supported by International Financial Reporting Standards (IFRS)

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 Statement of Accounts has been 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)

The accounts of the Council are prepared on an accruals basis. This means that the sums due to or from the Council during the year are included in the accounts, whether or not the cash has actually been received or paid in the year in question. Accruals have been made for all known material revenue and capital debtors and creditors for goods and services supplied by and to the Council during the year, including services provided by employees.

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 fair value through profit or loss financial assets such as cash placed in money market funds.

1.4 Council Tax and Business Rates

The Council is a council tax and business rates billing authority 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 Council's own income and expenditure 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.

1.5 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement (CIES).

An accrual is made for the cost of holiday pay and other forms of leave entitlements which have been earned by employees but not taken by the end of the year. This accrual is charged to the CIES but then reversed out through the Movement in Reserves Statement (MiRS) so that holiday benefits are charged to revenue in the same financial year that the absence occurs.

Post-Employment Benefits

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

- The Teachers' Pension Scheme, 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, administered by Cheshire West and Chester Council.
- Public Health employees transferred from the NHS – this scheme is administered by NHS Business Service Authority.

All three 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. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. Education and Public Health services are charged with the employer's contributions payable to the Teachers' Pensions and NHS Business Service Authority respectively each financial year.

The Local Government Pension Scheme

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

- 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. This is then discounted to current value using a discount rate based on the expected rate of return on high quality corporate bonds

- The assets of Cheshire Pension Fund attributable to the Council are included in the Balance Sheet at year end fair value as estimated by the pension fund actuary;
- Past and current service costs are recognised as part of the Net Cost of Services in the CIES.
- Interest on the net defined benefit liability is included in the Financing and Investment Income and Expenditure line of the CIES
- Re-measurements comprising the return on plan assets and actuarial gains and losses are charged to the CIES as part of Other Comprehensive Income and Expenditure.

The Council's contributions to Cheshire Pension Fund are charged to the General Fund via a transfer between the Pension Reserve and the MiRS in line with statutory requirements.

1.6 Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their cashflow characteristics.

Financial Assets

To meet new Code requirements, financial assets are now classified into one of three categories:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account with the balance released to the Surplus or Deficit on the Provision of Services when the asset is eventually disposed of.
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised as they occur in the Surplus or Deficit on the Provision of Services

When soft loans are made, a loss is recorded in the CIES representing 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.

Where assets are identified as impaired because of the likelihood that payments due under the contract will not be made, the asset is written down and a charge made to the

relevant service heading, or to the Financing and Investment Income and Expenditure line in the CIES as appropriate.

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 CIES.

Financial Liabilities

The Council's financial liabilities are all initially measured at fair value and subsequently carried at amortised cost. For most of the Council's borrowings this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The fair value of PWLB loans is calculated using the certainty rate published by the PWLB on 31 March 2020. For non-PWLB loans the fair value is calculated using the standard new loan rate, also published by the PWLB on 31 March 2020.

Gains and losses on the repurchase or early settlement of borrowing are normally credited and debited to the Financing and Investment Income and Expenditure line in the CIES. Where regulations permit, the premium or discount is spread over future years and the difference between amounts charged to the CIES and the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account.

1.7 Fair Value

The following categories of assets are required to be carried in the Balance Sheet at Fair Value:

- Surplus assets and assets held for sale
- Short and long term investments, including investment properties.

Valuations 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.

1.8 Government Grants and Contributions

Government grants and third party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the Balance Sheet as creditors (receipts in advance) until the conditions have been satisfied.

1.9 Heritage Assets

Heritage Assets have historic, artistic, scientific, technological, geographical or environmental qualities and are held and maintained principally for their contribution to knowledge and culture. A de minimis level of £10,000 has been established for inclusion of Heritage Assets on the Council's Balance Sheet.

The carrying amounts of Heritage Assets are based upon insurance valuations. Carrying values 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 then 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.

1.10 Interest in Companies and Other Entities

The Council has both controlling and non-controlling interests in companies and other entities. Where the size of these entities is material, and the Council exercises significant control, they have been consolidated into the Group's financial statements. In the Council's own single entity accounts these consolidated entities are recorded as financial assets valued at cost less any provision for losses. Transactions with group interests taking place during the year are disclosed as related party transactions.

For more details regarding the consolidation of the Group Entities, please see Group Accounts on pages 127 to 151.

1.11 Investment Property

Investment properties are measured initially at cost and subsequently at fair value. 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 CIES. The same accounting treatment is applied to gains and losses on disposal. However, regulations do not permit unrealised gains and losses to have an impact on the General Fund Balance. Therefore these transactions are reversed out via the MiRS and recorded in either the Capital Adjustment Account or (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.12 Leases

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

Non-current assets held under finance leases are recognised on the Balance Sheet at the assets' fair value measured at lease date inception (or the present value of the minimum lease payments, if lower). The asset is then accounted for in the same way as other property plant and equipment, see 1.15 below.

Recognition of the asset in the Balance sheet is matched by a liability for the obligation to pay the lessor, which reduces over time as principal repayments are made. Any premiums paid on inception are written off over the period of the lease.

Ongoing lease payments are then 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)

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 asset. Charges are made on a straight-line basis over the life of the lease even if this does not match the pattern of payments.

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 and replaced by a long-term debtor representing the current value of future lease payments. Lease rentals receivable are then 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)

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 CIES on a straight-line basis over the life of the lease, even if this does not match the actual pattern of payments.

1.13 Minimum Revenue Provision

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual prudent provision in respect of its outstanding capital debt liability over a period which bears a relationship to the estimated life of assets to which the capital debt liability relates. This is known as the Minimum Revenue Provision (MRP), which is calculated in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are reflected in the CIES but replaced by the MRP by way of an adjusting transaction between the Capital Adjustment Account and the General Fund Balance in the MiRS.

1.14 Overheads and Support Services

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

1.15 Property, Plant and Equipment

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's value, service potential or useful economic life (e.g. repairs and maintenance), is charged as an expense when it is incurred.

The Council's usual de-minimis level for capital expenditure is £10,000.

Measurement

Assets are initially measured at cost comprising:

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

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

- infrastructure, community assets and assets under construction – depreciated historical cost

- dwellings – current value, which is determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).
- Surplus assets – fair value estimated at highest and best use from a market participant's perspective price
- Vehicles, plant and equipment – depreciated historic cost.

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.

Revaluations

If material capital expenditure takes place on a capital scheme, the scheme in question will be revalued upon completion of the additional capital expenditure. Investment properties are revalued every financial year and 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.

All other Property, Plant and Equipment assets are formally revalued over a 5 year period in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Any assets not formally revalued during the financial year will have a desktop valuation undertaken to determine whether any material change in value has occurred.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where decreases in value 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 CIES

Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

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.

Impairment

Assets are assessed at each year-end for any indication of impairment. 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 CIES.

Where an impairment loss is subsequently reversed the reversal is credited to the CIES 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 estimated useful lives. An exception is made for assets without a 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
- infrastructure – straight line allocation over 40 years

Revaluation gains are also depreciated, with an amount equal to the difference between depreciation charged on the current value of the 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

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 identified, valued and depreciated separately.

The Council has adopted a policy that recognises that the components of material assets when revalued i.e. assets that have a building value of over £500,000 are to be recognised separately if 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

When an asset is disposed of or decommissioned, the carrying amount of the asset is de-recognised in the Balance Sheet. This amount, net of any receipts from disposal, are accounted for as a gain or loss on disposal and taken to the Other Operating Expenditure line in the CIES. Any revaluation gains previously accounted for in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Any disposal receipts in excess of £10,000 are categorised as capital receipts and must be credited to the Capital Receipts Reserve. A proportion of receipts relating to housing disposals must be paid to the Government.

The written-off value of disposals is not a charge against council tax but is subject to separate arrangements for capital financing. Amounts reflected in the CIES are appropriated to the Capital Adjustment Account via the Movement in Reserves Statement.

1.16 Private Finance Initiative (PFI) and service concession arrangements

PFI and service concession arrangements are contractual agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the lead contractor. The Council recognises the assets used under the contracts in its Balance Sheet within Property, Plant and Equipment because it both controls the services provided under these contracts such, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge.

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. 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 as set out below:

- the contracted value of services received during the year – debited to the relevant service line in the CIES
- finance costs, debited to the Financing and Investment Income and Expenditure line in the CIES
- rents to be paid for the property during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES
- principal repayments – reduce the Balance Sheet liability
- lifecycle replacement costs –recognised as additions to Property, Plant and Equipment when the relevant works have been carried out

1.17 Provisions, Contingent Assets and Contingent Liabilities

Provisions are charged as an expense to the appropriate service line in the CIES in the financial year that the Council becomes aware of the obligation, and are carried forward in the Balance Sheet, 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.

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 required), 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 when it is virtually certain that reimbursement will be received.

Contingent assets and liabilities are not recognised in the Balance Sheet, but are included in disclosure notes to the accounts.

1.18 Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created and utilised by transferring amounts in or out of General Fund balances into Earmarked Reserves via the MiRS.

Certain reserves are maintained due to legal or accounting requirements in relation to transactions such as capital accounting and financing, financial instruments and retirement benefits, and do not represent usable resources for the Council. The purpose of these reserves is explained in Note 33.

1.19 Revenue Expenditure Funded from Capital under Statute (REFCUS)

Legislation requires defined items of expenditure charged to services within the CIES to be treated as capital expenditure.

All such expenditure is transferred from the General Fund Balance to the Capital Adjustment Account via the Movement in Reserves Statement, and is included in the Council's Capital Financing Requirement, see Note 24.

1.20 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 when (or as) the Council satisfies a performance obligation and is measured at the transaction price of the consideration receivable (i.e. the amount to which the Council expects to be entitled in exchange for transferring promised goods or services). 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 non-domestic rates, and therefore these transactions are measured at their full amount receivable.

1.21 Schools

Local authority maintained schools are considered to be under the control of the Council therefore the income, expenditure, assets and liabilities of these schools is accounted for as part of the Council's single entity accounts.

The Council has assessed the rights, benefits and obligation of Voluntary Aided Schools and has determined that although the schools are owned by the Diocese, the schools are expected to receive all of the benefit of the school buildings for the whole of their remaining useful life. These assets and liabilities are therefore included in the Council's Balance Sheet in the same way as for maintained schools. The Council does not, however include the school land as this has an indefinite life and could be used by the Diocese in the future for other purposes.

Academies and Free Schools are outside the Council's control and therefore not included in the Council's Statement of Accounts.

1.22 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