

WARRINGTON

Borough Council



2020/21 DRAFT 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 2021 and is structured as below:

1. An Introduction to Warrington
2. Performance Commentary for 2020/21
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 210,010 representing a 4.3% 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 82.6% are economically active compared with a national average of 79.1%.

There are 97,815 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 9,405 business enterprises in the Borough employing over 139,000 people. The unemployment rate in Warrington is low at 3.3%, compared to that of the North West (4.2%) and all of Great Britain (4.6%) (2020). 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 16.5% (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 the third highest Gross Value Added (balanced) per head of population at current basic prices in the North West for 2019. Warrington has an average of £36,937 (which is higher than the North West at £25,629 and England at £30,239).

The Council's operating revenues amounted to £522.125m in 2020/21 (note 18). However, a sizeable chunk of this is related to services that are essentially pass-through. For instance, the central government funds £104.001m (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 £121.658m in 2020/21.

Council tax of £102.099m (note 12) in 2020/21 funds over half of the direct budget requirement. Council taxes were increased by 3.98% in 2020/21, including a 2% Adult Social Care precept. Band D Council Tax (excluding precepts) was £1,493.31 in 2020/21.

Revenue Support Grant (Government Funding) declined to £1.343m in 2020/21 from £5.814m the previous year. The 2020/21 year saw a small inflationary increase to £1.365m however it is expected this revenue source will continue to decline and be completely eliminated, creating financial pressures for all local authorities. Due to cuts in Government funding the Council have made £60.6m (20/21 14.1m; 19/20 £22.2m; 18/19 £15.5m; 17/18 £8.8m) of savings over the previous four years and plan to make a further £52.5m of savings over the four year period from 2021/22.

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 £30.8 million in 2019/20. In 2020/21, this increased to £49.069m (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 5,126 people (2,738 WBC, 2,388 schools).

The composition of the Council at 31/03/2021 was:

- 42 Labour Councillors
- 11 Liberal Democrat Councillors
- 1 Conservative Councillor
- 3 Independent (Unaligned)
- 57 Councillors
- 1 Vacancy

Following the elections on 6 May 2021 the composition of the Council is currently:

- 36 Labour Councillors

11 Conservative Councillors
8 Liberal Democrat Councillors
3 Independent
58 Councillors

The Council has adopted the Leader and Executive Board model as its political management structure arising from the Local Government and Public Involvement in Health Act 2007. The requirements of the Act are such that the Leader of the Council has responsibility for the appointment of Members of the 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, 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 year beginning 1 April 2020 has been unlike any other. The challenges caused by the COVID-19 pandemic are were a game changer both in terms of magnitude and the sheer breadth of the disruption to everyday life in the Borough. The Council responded with resilience and agility. Those challenges remain, although I am pleased to say, that many of the initial pressures are now easing. As stated in last year's accounts we will need to continue to consider how the Council remains financially resilient and sustainable, in what are very uncertain times for our borough and the country.

The Council in 2020/21 played a critical role in the overall national response to COVID-19, including the administration of business rate reliefs and grants, supporting households through the council tax reduction scheme, supporting the care sector, protecting the NHS, providing support to vulnerable residents, and enabling much of our workforce to work remotely in order to maintain essential services. Our focus throughout has been to provide support to those who have needed us most.

As ever the Council continues to be at the heart of the community, distributing emergency funding to businesses, performing COVID-19 tests at facilities across the Borough as well as providing food parcels and operating emergency helplines. As the vaccination roll out began, the Council again took a prominent stance coordinating the process with other public sector bodies, What is certain is that the impact has not been limited to the 2020/21 financial year, but instead will continue to influence our lives for many years to come.

I am immensely proud of our local response to the pandemic and incredibly grateful to be working in a place that has strived tirelessly to do the right thing. It hasn't just been the

Council involved in the response either – immense credit must go to the health, police, fire, local business, schools, our community and voluntary sector, and not forgetting our residents, who have all stepped up to the challenges COVID has brought.

Covid-19 Grant Schemes

During the financial year the Council has administered a significant number of Covid-19 grant schemes on behalf of Government to support businesses and residents through the many challenges of the pandemic. These schemes have been a mix of non-discretionary, where schemes and eligibility criteria has been set nationally by Government, and discretionary, where schemes and eligibility criteria have been set locally by the Council. As part of the Council's 2020/21 Statement of Accounts, the Council has had to determine the accounting treatment for these grants including consideration of whether the Council was operating as principal or as an agent of Government when administering them. Accounting standards only require the Council to record transactions in its accounts where it is acting as principal i.e. it has control of the grants awarded. To provide a fuller picture, the table below provides a full summary of all the Covid-19 grant schemes administered by the Council during 2020/21.

Grant description (including Funding Body)	Credited to taxation & non-specific grant income £'000	Credited to services £'000	Balance C/Fwd as Receipt in Advance £'000	Agent* (not included in CIES) £'000
<u>Ministry for Housing, Communities and Local Government (MHCLG)</u>				
Covid-19 LA Support Grant	10,183			
Sales Fees and Charges Support Grant	3,014			
Surge Enforcement Grant		101		
Rough Sleeping LAs	87			
Clinically Extremely Vulnerable Support	242		159	
Council Tax Hardship		772	818	
Local Authority Discretionary Grant Fund	170			
<u>MHCLG/European Regional Development Fund:</u>				
Opening High Streets Grant		114		
<u>Department of Education</u>				
Covid !9 School Fund		79		
Wellbeing for Education Grant		31		
Holiday Activities & Food Programme			73	
<u>Department for Business, Energy & Industrial Strategy:</u>				

Grant description (including Funding Body)	Credited to taxation & non-specific grant income £'000	Credited to services £'000	Balance C/Fwd as Receipt in Advance £'000	Agent* (not included in CIES) £'000
Business Support Grants - Mandatory			29	36,523
Business Support Grants - Discretionary		1,178		
Local Restrictions Support Grants - Mandatory			5,483	16,126
Local Restrictions Support Grants - Discretionary				
Additional Restrictions Grant		5,723	343	
<u>Department for Environment, Food and Rural Affairs:</u>				
Emergency Assistance Grant		215		
<u>Department of Health and Social Care:</u>				
Rapid Testing Grant		631		
Workforce Capacity Funding		412		
Contain Outbreak Management Fund			6,045	
Test and Trace service support		37		
Infection Control Fund		4,758		
Self Isolation Grant			359	188
Community Testing Grant		332	35	
Community Champions			318	
Domestic Abuse Grant		50		
Test and Trace support payments - Mandatory				
Test and Trace support payments - Discretionary		1,120	17	
<u>Department for Work and Pensions:</u>				
Winter Package Grant		566	16	
<u>Department of Transport</u>				
Emergency Active Travel Grant		245		
Traffic Demand Management Grant		75		
Covid Bus Services Support Grant		282		
Supported Bus Services		67		
Home to School/College Transport		120	98	

Grant description (including Funding Body)	Credited to taxation & non-specific grant income £'000	Credited to services £'000	Balance C/Fwd as Receipt in Advance £'000	Agent* (not included in CIES) £'000
Others:				
Football UK		18		
Various new burdens admin grants		110		
Total Covid-19 Grants	13,696	17,036	13,793	52,837

PERFORMANCE COMMENTARY FOR 2020/21

The council's corporate strategy 2020-2024 was developed during 2020 and approved by Cabinet in September 2020. It sets out the council's pledges, priorities and reflects on the pandemic, its impact on communities and services, and our plans for recovery.

There are four pledges:

- Our residents live healthy, happy & independent lives
- Everyone benefits from our thriving economy
- Communities are safe, strong & our most vulnerable are protected
- Our town is clean, green & vibrant

Supporting these pledges are cross cutting themes: sustainability, reducing inequalities and COVID 19 recovery.

Key performance indicators and targets support the delivery of priorities alongside a number of key projects.

Our residents live healthy, happy & independent lives

The Rapid Community Response Service (RCRS) has been launched and is operational. The RCRS is a multi-disciplinary team of health and social care staff working closely with primary care, community services and North West Ambulance Service. The focus is on maintaining people in their own home and contributing to the prevention of avoidable conveyance and admission to acute hospital or emergency respite care. The team triages all referrals and responds to all those that require an assessment/intervention within 2 hours. Warrington has also been selected to become one of seven accelerator sites for an Urgent Community Response service within the NHS England Ageing Well Programme. This has resulted in an enhancement of funding and engaged the service in a wider network including all accelerator sites and therefore providing a vast range of development and support opportunities. The

service is performing well in relation to the national 2 hour and 2 day response requirements.

Warrington's Virtual School is a team of teachers, advisers and professionals who work with nurseries, schools, colleges, trainers and employers to make sure our children in care get the best possible education or training. The Virtual School Team ensure that Personal Education Plans (PEPs) are updated in a timely way and are of good quality (90% of PEPs). The team works to an annual plan improving performance in all areas, with some taking on specific responsibilities. There is a dedicated officer for previously looked after children, who provides support and resources for parents and carers. Good progress is being made in this area. Additional funding is available to supplement the pupil premium grant, targeting improved outcomes for children in care.

The council has introduced additional oversight and scrutiny to manage the demand for new independent placements for children and young people with special educational needs. This will ensure that in-borough provision is considered in the first instance and that schools are working in the spirit of inclusion to make the reasonable adjustments required to meet the educational needs of these children and young people in borough. All existing placements are now subject to a review by the SEND Demand Management Board and alternative options will be explored for each of these children and young people in conjunction with the Education, Health and Care Coordinator. Recommendations from the Board will be shared with SEND Panel to follow up with families and providers.

Work has re-started on the implementation of the North West Flexible Purchasing Framework following the delay to the commissioning process as a result of the pandemic. The Framework is a consortium of local authorities, which gives the group significant purchasing power and therefore some ability to negotiate in a provider led market. It can bring the following benefits:

- Assurance of quality in the provision of children's residential care and price stability in what will otherwise be a market characterised by variable and escalating costs over the coming years.
- Commissioning as a larger consortium of authorities (with a significantly bigger market share than our current consortium) will allow us to meaningfully engage with and manage the market, whilst enabling us to achieve efficiencies in the purchasing and development of services.
- Stronger relationships with providers.

The council aims to reduce dependency on the independent sector to meet the needs of children and young people with special educational needs and/or disabilities. As of 31 March 2021 there were 83 children and young people in Independent Placements and the budget out-turn position is likely to be £3,883,698.18 at the end of this financial year. This will result in a small underspend of £16,301.82. Scrutiny of the quality of placements has continued throughout the pandemic and meetings have been held with providers virtually to understand if the placement commissioned is delivering good outcomes for the children placed and value for money.

COVID has disproportionately affected certain population groups, and will exacerbate inequalities in both the short and long term. Addressing the longer term impacts on health and wellbeing will need to be a central aspect of the long-term Prevention Plan. The Prevention Plan will have addressing health inequalities at its core, and work is continuing with partners to ensure that improving life expectancy and addressing health inequalities remains high on broader agendas.

The Warrington Playing Pitch Strategy was refreshed in January 2020 but is due for renewal in 2021. This will be carried out as part of a broader Open Space, Sport and Recreation Analysis. The recently extended and refurbished artificial grass pitch at Broomfields Leisure Centre is now a third generation artificial grass pitch (3G AGP). This new facility is providing additional football capacity in the South of the Borough. The new 3G AGP Rugby League facility in Victoria Park has been opened by the Secretary of State (DCMS) and will be used as part of the Rugby League World Cup 2021 Legacy programme. Work is progressing to scope potential for other active lifestyle facilities within parkland and shared use education sites. These include a permanent Orienteering Course at Walton Hall & Gardens and a Football centre with a 3G AGP at Cardinal Newman Catholic High School. Work is progressing to scope potential for other active lifestyle facilities within parkland and shared use education sites.

The Community Champions Scheme has been established in Warrington by the government to help keep everyone safe through accurate, up to date information and guidance about COVID 19, including vaccinations. Their role is to support people from the most at risk from COVID 19 including older people, disabled people and people from ethnic minority backgrounds. A tender went on to the Chest for the provision of a Community Champion Co-ordinator and nine COVID Community Champions. These posts will be funded for up to nine months.

Everyone benefits from our thriving economy

Town Centre regeneration is progressing well. Most notable is the popularity of Time Square and in particular the Market. At present Time Square is occupied by Cineworld, Gravity and the Botanist and this quality offering has now attracted occupiers such as the University of Chester who are due to open later this year. In addition, there are two more operators for the restaurant units 3 and 4 (next to the University in Unit 2) ready to sign the lease and begin fit out works. We are also starting to see the wider effects of Time Square in the sale and refurbishment of the old JJB sports building for restaurant and residential use and the conversion of an old furniture shop in to a multi-cuisine restaurant. Further down Bridge Street a new lease has been completed on the Reef Bar to bring a higher quality offer to Lower Bridge Street as well as significant interest in bringing residential developments to the area.

Quarter 4 has seen a significant diversion of business support effort towards COVID grant support, sign posting, advising and challenging. This included ERDF COVID recovery Grant (33 grants issued) and LEP COVID Restructure Capital Grant (122 issued). Support has focussed on recovery and capital funds for items such as screens, iPads, cover to help engage with customer's safety.

There is growth at the SME level, with the International Business Centre and Xpdia buildings welcoming new tenants in the 5-10 employee category. Strategic company

engagement has been through specific initiatives. Larger employers such as Quintessential Brands and New Balance have fed in intelligence on post-Brexit trading, which was in turn collated by the LEP (Local Enterprise Partnership) for the whole of Cheshire & Warrington.

The Journey First project is now live and fully operational. The Journey First project provides intensive 1-2-1 support for young people and adults across Cheshire and Warrington, supporting educational and workplace aspirations across Cheshire East, Cheshire West and Warrington Local Authorities. Parents First is a holistic employment support service in Cheshire and Warrington. It supports parents of young children who take up the free childcare entitlement as well as supporting parents who have not yet engaged with those services. Parents First has been approved and additional staff will be recruited shortly. Project analysis shows that some parents are not currently in employment, including lone parents with a benefit requirement, seeking work as their youngest child approaches school age. Warrington Borough Council is also a "Gateway" for the Government's Kickstart programme, aimed at helping unemployed 18-24 year olds. Warrington Borough Council is a subcontractor in 2 European Social Fund projects which help unemployed people to update their skills and employability. Delivery has moved to online or in much smaller groups, due to COVID. There are current discussions about possible project extensions. Warrington Voluntary Action continues to liaise with businesses to support and offer advice on Corporate Social Responsibility opportunities.

Distribution remains the main growth area for local employment. Pay and conditions are competitive at companies such as Amazon, Hut Group and Hermes. Many local people work at the Omega site and Warrington's Own Buses works with stakeholders to ensure that it is accessible for the inner wards.

The Town Deal will see two major projects improving skills in the fields of construction and health & social care. These are due to commence in 2021, adding to the educational infrastructure at Warrington & Vale Royal College. The LEP's digital skills agenda will also be reinvigorated once the pandemic subsides. Town Centre regeneration is progressing well and having a positive effect on occupiers such as the University of Chester.

Communities are safe, strong & our most vulnerable are protected

Between the 31st March 2019 and the 31st March 2020 there was a steady decline in the number of Children in Care. The numbers as of the 31st March 2019 were 385 and fell to 363 at the end of March 2020. However, following the national lockdown due to COVID 19 in March 2020 we saw a slight increase in these numbers to 367 at 31st March 2021. The rates of children in care per 10,000 has increased from 81.6 at the end of March last year to 82.5 per 10,000 in quarter 4. There is still a significant gap with National (67) & Statistical Neighbour rates (69). We are below the North West (NW) rate average of 97. It should also be noted that the majority of NW authorities have seen an increase in their children in care numbers. Prior to COVID 19 we had turned the curve and numbers entering care were lower than the numbers being discharged. This was due to both a robust pre-proceedings process and a focus on the Discharge of Care Orders.

As reported in quarter 1, unfortunately, due to COVID 19 there was less throughput of work. This had been signified by the number of admissions into care being higher than the number of discharges, in the main due to less final hearings taking place. Through quarters 3 & 4, we have continued to have a number of cases with planned court hearings and there has been an increase in number of Discharge of Care Orders to Special Guardianship Order (SGO) or No Order, which has meant numbers of children in care have now started to reduce once again. When considering the upward trend in quarters 1 & 2, this is positive, and it is hoped there is a further reduction in children in care numbers in 2021-22 (COVID 19 permitting).

The Children's Social Care (CSC) Annual Report on Contextual Safeguarding for 2019-20 has been completed. This year's report includes a broader review of our approach to contextual safeguarding across the whole borough. As part of this CSC have tried to capture the whole spectrum of work currently being undertaken across the partnership. An action plan has been developed on areas we think should be considered a priority for CSC and other actions we might want to consider across the partnership. This report will be used to support the development of our wider contextual safeguarding strategy. In addition to this our new contextual safeguarding lead started in post in June 2020. CSC are confident progress is being made in implementing our strategy at a much greater pace.

In quarter 4, 205 Children and Young People had an Early Help Assessment (EHA) which is a rate of 59.5 per 10,000. This is an increase since quarter 3 and remains above the quarterly target of 42.3 per 10,000. The year-end target was 169 EHAs per 10,000 aged 0-17. This was exceeded and the total annual rate is 202.8 per 10,000. The Early Help Support Team continue to support partners and Early Help staff in the completion of Early Help Assessments. Support has continued to be offered by virtual training, direct work resources and bespoke one to one support. The team have also made been working in collaboration with council partners to improve resources for completing the Early Help Assessment paperwork.

The Community Safety Partnership plan 2020/21 has been refreshed and agreed by all partners to contain the key priorities the partnership will concentrate on during 2020. Over the coming months, youth projects to divert away from Anti-Social Behaviour (ASB) that have been on hold due to COVID 19 are now being considered as to how best to implement in line with COVID guidelines as lockdown eases. Youth ASB has been relatively stable during the lockdown period, however, it is now steadily beginning to rise. There are a number of hotspots within the Borough that are being considered for wider multi-agency problem solving. There has been an increasing number of ASB cases related to neighbour disputes which has involved dealing with a range of agencies, a future report will be submitted to SLT to explain the councils tools and powers to address ASB and to agree a way forward in terms of how cases can be managed.

The council has a Major Emergency Plan which is the underpinning response plan to any incident. In addition, there are risk specific plans (i.e. Flooding, Control of Major Accident Hazards (COMAH), and Pipeline) that require review and testing within statutory timeframes. All plans have been reviewed and tested within timeframes so the council remains compliant. In addition, in response to COVID 19 all Business Continuity Plans, Directorate Profiles and the Corporate Profile listing all critical

services were reviewed at the outset of the response to COVID. The response to this pandemic has worked well, in line with the councils plans therefore whilst there will undoubtedly be some learning and adaptations to the plans in the main the plans have facilitated a response which has been fit for purpose and flexible. A review of Business Continuity templates and associated guidance has been undertaken.

Air quality improved during the lockdown. The Air Quality Management Plan has been adopted and is being kept under review and an Air Quality Programme Board is in place. Defra Grant funding has been obtained for an electric taxi study. Air quality actions have been integrated with the emerging local plan and transport plan.

The council's Strategic Equality Group (SEG), chaired by the Chief Executive, meets every quarter. One of its equality objectives is to provide opportunities to improve life chances this includes economic prosperity for disadvantaged communities. National research to date indicates that some people are more likely to be negatively affected by the post COVID effects on the economy. Such groups include young people, some Black and ethnic minority communities and disabled people. The SEG is reviewing its delivery plan to take account of those groups most effected and ways in which the council can support.

The SEG has approved a revised Equality, Diversity and Inclusion strategy. The council is committed to working with our residents, businesses and partners to make sure that Warrington is accessible, welcoming and provides opportunities for everybody. This strategy sets out how we will achieve this vision through the delivery of our equality objectives and priorities 2020-2024.

Our town is clean, green & vibrant

Park and Open Space service delivery has been maintained throughout Covid-19 pandemic to sustain standards of service and public access to parkland. Visitor numbers have grown significantly, demonstrating how valuable public green spaces are to our community's physical and mental well-being. The Capital Improvement Programme has lifted the quality and range of facilities available to the public. Work has progressed to scope potential for other active lifestyle facilities within parkland, built leisure facilities and shared use education sites incorporating safe by design principles. Improvements have been delivered across the cycleway network within parkland to improve sightlines to encourage community use.

All major sporting and cultural events planned for 2020 were postponed until 2021 due to the pandemic. Initiatives progressing for restart in 2021 in accordance with government guidance include events focussed around the Rugby League World Cup (RLWC) 2021.

The Playing Pitch Strategy has been updated and Third Generation Artificial Rugby League pitch development delivered as part of the Rugby League World Cup (RLWC) Legacy. Work is progressing to scope the potential for other active lifestyle facilities within parkland, built leisure facilities and shared use education sites.

The Central 6 masterplan is a long term project that aims to bring communities within the area together to achieve a cleaner, greener, healthier Central 6 area for Warrington.

Our Central 6 mission is in line with the aspiration and ambition expressed by residents during the development of the plan. The Central 6 Masterplan covers a wide range of project areas from parks to housing and air quality to employment & that running through all of it is a fundamental principle of making sure the communities that live in the different areas are fully involved in decisions and projects that happen there. Plans are in place, tested and maintained within statutory deadlines to work with communities and other key partners to deliver the Central 6 masterplan.

Volunteering opportunities have been compromised as a result of the pandemic but participation is now being resurrected as we travel out of lockdown.

The council is committed to taking action to tackle pollution and to protect our green spaces and natural resources. The public protection team have brought brownfield land back into beneficial use, to protect the natural and built environment from illegal development. They continue to take action to improve air quality and investigate complaints of pollution.

During the year there has been significant progress toward a number of transport infrastructure projects:

- **First and Last Mile (FLM):** First and Last Mile is a Transport Masterplan for Warrington Town Centre. It supports the aspirations of the Warrington Local Transport Plan (LTP4) as they apply to the Town Centre by setting out a strategy to guide changes to the highway network in the town centre, to create an inclusive and accessible place for all, and supporting Warrington's growth and connectivity ambitions through quality place-making and sustainable travel options. The FLM also takes into consideration the existing plans for cycle and walking network development, such as Warrington's Local Cycling and Walking Infrastructure Plan (LCWIP). FLM is largely complete, with a draft masterplan for the town centre now developed following internal stakeholder consultation. A second stage of work has now developed draft concept designs for internal streets within the town centre as well as specific locations on the main strategic routes. The key principles of the study were included within the emerging Town Centre Supplementary Planning Document (SPD) to give the proposals planning status.
- **Local Cycle and Walking Improvement Plan:** The study is now nearing completion with three corridor studies prioritised for A49 (N), A57 (W) and A5060/A5061 Knutsford Road. Strategic Outline Business Case work is expected to be complete by early 2021. A number of key strategic cycle routes are in the process of being delivered. The Omega to Burtonwood Cycleway is now complete, with further schemes along Chester Road (from Gainsborough Road to Bridge Street) and Trans Pennine Trail (London Road to Knutsford Road) currently on site. Other local schemes, such as improvements along Westbrook Way have been completed and measures to complement highway schemes in North West Warrington are progressing well and will be completed in summer 2021. The Department for Transport (DfT) Active Travel Fund Tranche 2 of £650,000 is being used to for the delivery of improvements for

cyclists as part of these projects. The programme for 2021/22 is currently in development.

- Sustainable Transport: A draft Town Centre travel plan is in development, which will seek to promote a less car dependant town centre for residents, employees and visitors, complementing the Town Centre Masterplan and First and Last mile project. Progress has been delayed due to lockdown, with a slow-down in activity in and around the town centre. Key elements within the draft Travel Plan are being built into the emerging Supplementary Planning Document for the Town Centre, and will be subject to consultation as part of this process. A Mass Transit/Bus Priority study was commissioned in July 2020 and is well underway. The first element of the study, to review the long term proposed Mass Transit network, is almost complete. Alongside this is a review of the potential modes for mass transit, their costs and potential application for Warrington. A review of existing bus delay hotspots identified quick win schemes for bus priority measures.
- Transport Traffic Flow: The DfT figures for the average speeds and average delays on 'A' roads for 2020 show Warrington's average traffic speed of 25.5mph is slightly higher than the North West average (25.2mph) but lower than the overall England average (27.3mph) and has improved from 23.5mph in 2019. The average delay on locally maintained 'A' roads in Warrington was 37.1spvpm (seconds per vehicle per mile), lower than the North West (at 39.7spvpm) but slightly higher than the overall England average of 35.3spvpm. This indicates that Warrington benefits from slightly lower delays for congestion than the North West overall and Warrington has shown a significant improvement from 45.7spvpm in 2019. However, what has completely influenced the above figures (particularly average delay) in such a positive way is the effects of the COVID pandemic when we have seen reductions of over 60% (similar to the national picture) in traffic flow when compared to 2019.
- Highways and Street Works: During 2020-21 the Highway Asset Management team have continued to provide services by walking and inspecting over 4367km of highways and completing 6075 highways safety repairs. There has also been 3000km of highway swept, 21,681 gullies cleansed and 1334 street lighting issues reported and fixed. 516 highway & lighting emergencies have been responded to during 2020-21. The Winter Gritting Season commenced on the 10th October 2020 and ended on the 17th April 2021 with 56 precautionary gritting treatments carried out.

Household waste collected or sent for reuse, recycling and composting has been impacted by the pandemic. There had been minor service restrictions, particularly around access to the Community Recycling Centres. There are currently no issues with processing capacity at the recycling and disposal facilities. Changes to working and social activities during the pandemic continue to have an effect on the types and quantities of waste/recycling generated by residents. Additional material is being collected through the disposal and recycling kerbside services. The amount of household waste collected increased during the year and the percentage reused, recycled or composted decreased.

Delivering our Vision

Workforce

The council is very proud of our entire workforce for the way they have responded to the COVID 19 emergency and what they have delivered for Warrington. Our front line workers continued to safely delivery services to our residents. Some employees moved to work from home.

We worked with our Trade Unions to provide unprecedented support to our staff, to help them continue their work. All of our key decisions have been made jointly and with our workforce at heart. Key achievements during the year include:

- The creation of a whole organisation redeployment register to match roles with staff.
- The protection of our clinically vulnerable and extremely clinically vulnerable staff throughout the pandemic while at work.
- Introduction of an extraordinary attendance policy and other policy decisions to support staff.
- Hundreds of staff had to reorganise their roles to concentrate their work on supporting the council's response to COVID 19.
- Creation of a COVID 19 toolkit to ensure staff had support, particularly around employee working from home needs and health and wellbeing.

The average days lost to employee absence at the end of quarter 4 was 12.43 per person. This was a decrease from 14.29 in the previous year. 74% of the absence was as a result of long term absence. COVID as a sickness reason was 8% of the days lost to sickness absence during the year.

Digital

During the year and throughout the pandemic the council increasing our home working capacity from an average of around 200 per day to handle at least 1,500 home workers was one of the more straightforward tasks. Some of our key achievements have been:

- Upgraded a number of applications to improve their performance for staff working from home
- Ensured that full telephone and video conferencing facilities were available to all staff working from home
- Moved to a fully digitised postal service for the whole organisation
- Set up a COVID 19 secure operation to provide laptops and other IT equipment to staff to support continued home working
- Re-purposed part of our print service to support operations including the production of patterns to support PPE production
- Introduced Microsoft Teams across the organisation and to support the broadcast of Cabinet and Committee meetings
- Supported the delivery of a programme to deliver over 400 laptops to children in education who needed them
- Supported virtual court hearing attendance for parents and lawyers to enable critical child safeguarding cases to continue

- Briefings to schools delivered via video over YouTube in place of usual conferences

Customer

A new customer strategy is under development. This strategy remains intrinsically linked to the operation of 1 Time Square and the future of the council's Digital Transformation Programme, both of which have been significantly impacted by current and previous COVID 19 restrictions. Significant progress has been made during quarter 4 as the COVID roadmap unfolds.

Over the last 12 months the contact centre has received 198,382 telephone calls, an increase of 20,479 from the previous year. Emails received over the last 12 months is 42,461, an increase of 7,433 from the previous year. Average wait time over the last 12 months is 496 seconds (8 minutes, 16 seconds), 196 seconds off target.

The increase is mainly as a result of COVID 19, due to the increase in outstanding work being received in Revenues and Benefits during annual billing, along with the negotiations with customers to make arrangements to pay their council tax following monthly payments being re-profiled to later in the financial year. Garden Waste subscriptions started during quarter 4, with additional staff recruited to support those calls. However those staff were not in post until sometime after the subscriptions went live.

Finance

The council continues to be fully engaged with Central Government in terms of financial issues relating to the pandemic and wider funding issues affecting Local Government. The council continues to actively monitor the impact of COVID 19 on financial resources and the level of funding received to support the additional financial burdens faced within the current year.

The Medium Term Financial plan was considered by the council's Cabinet on 8th February 2021 and approved by Full Council on 1 March 2021.

FINANCIAL PERFORMANCE

Revenue Outturn

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

The Council's 2020/21 revenue outturn position is shown in the table below. The original budget set at the Council meeting in 24 February 2020 was £139.983m. As the year progressed various amendments to the Council's budget took place. This resulted in total changes of £18.325m. 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 of the COVID-19 pandemic the outturn for the Council is an overspend of £0.508m 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 2021).

	Budget £'000	Actual £'000	Variance £'000
Corporate Services	6,126	6,750	-624
Families & Wellbeing	100,419	102,791	-2,372
Environment & Transport	21,739	24,228	-2,489
Growth	8,617	9,460	-843
Corporate Financing	-15,728	-2,786	-12,942
Directorate Total	121,173	140,443	-19,270
Support Funding - COVID-19			18,762
Movement in General Fund Reserve			-508

The Corporate Services Directorate which provides the Corporate Services function to the Council recorded an overspend position of £0.624m. The main areas of overspend are within the Customer and Business Transformation division and in the Benefits and Exchequer service. The Medium Term Financial Plan (MTFP) 2020/21 saving target for the Directorate was £0.075m, of which £0.050m (67%) has been achieved.

The Families and Wellbeing Directorate recorded a core activity outturn overspend position of £2.372m. The most significant areas of net overspend across the Directorate are in Children Services, primarily across children in care services, Adult Services and Public Health. The MTFP 2020/21 saving target for the Directorate was £3.625m, of which £2.127m (59%) has been achieved.

Environment and Transport Directorate recorded an overspend position of £2.489m. The main areas of overspend are within Operation and Commercial Services, Transport for Warrington and Building Control Services. The MTFP 2020/21 saving target for the Directorate was £0.610m, of which £0.150m (25%) has been achieved.

Growth Directorate recorded an overspend position of £0.843m. The main areas of overspend are within the Development Control Management, Business, Growth and Investment and Planning Policy services.

Corporate Finance, which manages the Corporate Budgets for the Council (e.g. Treasury Management, VAT, Concessionary Travel), recorded an overspend position of £12.942m. This position reflects significant overspends in Contingencies and Corporate Property and significant underspends in Capital Financing performance. The MTFP 2020/21 saving target for the Directorate was £9.819m, of which £2.054m (21%) has been achieved.

In closing the 2020/21 accounts the Council was able to increase reserves by a net £50.095m.

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 24 February 2020, Council approved a three year capital programme of £1,291.050m incorporating a 2020/21 capital programme of £956.863m. 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 £577.878m took place in 2020/21.

The table below shows that the Council spent £351.525m on its capital programme in 2020/21, representing a delivery rate of 93% 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.

2020/21 Capital Programme

Capital Programme	2020/21 Quarter 4 Budget £m	2020/21 Capital Outturn £m	2020/21 Variance £m	% Spent
Families & Wellbeing	10.941	4.486	- 6.454	41%
Corporate Services	4.702	3.845	- 0.858	82%
Environment & Transport	46.363	33.969	- 12.395	73%
Growth	5.688	5.387	- 0.301	95%
2020/21 Capital Programme (excluding Invest to Save)	67.694	47.686	- 20.008	70%
Invest to Save Programme	311.290	295.723	- 15.067	95%
2020/21 Invest to Save Programme	311.290	303.839	- 7.451	98%
Total 2020/21 Capital Programme	378.985	351.525	- 27.460	93%

2020/21 Capital Financing

Capital Programme Funding	2020/21 Quarter 4 Funding £m	2020/21 Capital Outturn £m	2020/21 Variance £m
Unsupported Borrowing - Corporate	28.009	14.048	- 13.960
Unsupported Borrowing - Invest to Save	311.290	303.839	- 7.451
Capital Grants and Reserves	22.614	14.648	- 7.967
Capital Receipts	3.859	2.954	- 0.905
Revenue Funding	0.213	0.329	0.116
External Funding	13.000	15.708	2.708
Total 2020/21 Capital Programme Funding	378.985	351.525	- 27.460

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 2021/22 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 £27.460m between the approved capital programme and the final outturn position primarily relates to an underspend across the Directorates and 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 underspends across the Capital Programme relate to Families & Wellbeing (£6.454m), Environment & Transport (12.395m) and the Invest to Save Programme (£7.451m). The major scheme underspent for Families & Wellbeing is Bridgewater High Extension (£4.580m) and for Environment & Transport is Omega Local Highways Phase 3 (£3.863m). The major scheme underspent on the Invest to Save Programme is Loans to Housing Associations (£15m).

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 2020/21 were Solar Farm projects.

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

- **Primary Schools – Total Spend £0.715m**
- **Secondary Schools – Total Spend £0.917m**
Bridgewater High Extension - £0.838m

- **Customer & Business Transformation – Total Spend £2.591m**

Warrington 20:20 Transformation Programme - £1.785m
ICT - £0.805m

- **Environment & Transportation – Total Spend £33.969m**

Centre Park Link - £9.418m
Highways Maintenance Investment - £3.761m
LTP Integrated Block - £1.686m
LTP Maintenance Block - £2.679m
Flood Risk Management - £0.826m
Highways Challenge Fund - £2.342m
Local Transport COVID Restart - £0.487m
Omega Local Highways Phase 1 - £1.387m
Parks & Open Spaces - £1.237m
Refuse Collection Vehicle Replacements - £0.354m
Western Link - Blight and Pre Construction - £6.158m

- **Growth – Total Spend £5.388m**

Bewsey & Dallam Hub - £1.988m

- **Invest to Save – Total Spend £8.616m**

- **Invest for Income or Return – Total Spend £295.223m**

Loans to Housing Associations - £60.000m
Solar Farm Projects - £33.885m
Capital Investment - £19.290m
Warrington/Northwest Region Investment - £151.960m
Housing Equity Loan - £11.000m

Balance Sheet

Significant movements in the Council's 2020/21 Balance Sheet (page 33) where:

- The Council's net worth decreased by £178.633m, this was largely due to a increase in the Council's pension liability of £154.326m.
- Long term assets increased by £309.802m. Plant, Property and Equipment has decreased by £14.923m and Investment Property has decreased by £7m. Long Term Investments has increased by £61.713m. Long Term Debtors has increased by £269.639m.
- Short term assets also decreased (by £257.087m) with decreases in Cash and Cash Equivalents of £65.232m, and Short Term Investments of £242.515m.
- Short term liabilities increased by £127.721m, of which the biggest contributors were borrowing (an increase of £90.054m) and by creditors (an increase of £37.276m).

- Long term liabilities increased by £103.627m. This was mainly due to a decrease in long term borrowing of £52.449m, offset with an increase in the Council's pension liability of £154.326m.

Reserves

The table below shows the position of the Council's reserves (pages 49 & 81). The Council's cash backed reserves increased by £50.095m to £134.626m (2020/21) from £84.531m in 2019/20.

The Council's non-cash backed reserves (unusable) decreased in year. The decrease of £228.728m was due to a decrease in the pension reserve of £157.332m, as well as a decrease in the Collection Fund Adjustment Account (CFAA) of £27.841m. The decrease in the CFAA was due to an in-year deficit on the Collection Fund caused by the effects on tax income by the COVID-19 pandemic. The downward movements in valuations which reduced the Capital Adjustment account by £41.272m was also directly linked to the pandemic.

	2019/20 £'000	2020/21 £'000	Movement £'000
Usable Reserves (Cash Backed Reserves)			
<i>Revenue</i>			
General Fund	667	159	(508)
Earmarked Reserves (WBC)	58,412	103,944	45,532
Earmarked Reserves (Schools)	6,538	8,920	2,382
Total Revenue Reserves	65,617	113,023	47,406
<i>Capital</i>			
Capital Receipts	25	2,048	2,023
Capital Grants	18,889	19,555	666
Total Capital Reserves	18,914	21,603	2,689
Total Usable Reserves	84,531	134,626	50,095
Unusable Reserves (Non-cash Backed Reserves)	221,926	(6,802)	(228,728)
TOTAL RESERVES	306,457	127,824	(178,633)

Pensions

The table below shows the in-year movement on the Council's pension liability (page 73); the liability has increased by £154.326m. 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 '20	(132,742)
Current Service Cost	(26,238)
Past Service Cost	(412)
Interest Cost	(3,102)
Settlements	-
Employer Contributions	22,157
Remeasurements	(146,731)
Closing Balance as at 31 March '21	(287,068)

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 148 rating appeals outstanding.

Business Rates rating appeals provision	£6.494m at 31 March 2020	£6.976m at 31 March 2021
Business Rates write-off	Nil in 2019/20	£1.044m in 2020/21

Treasury Management

At the 31st March 2021 the Council had borrowings of £1.611bn and investments of £757.851m.

During the year the Council undertook £37.6m (net) worth of borrowing to fund its capital programme via £1m Abundance bonds and £360m short term loans from Local Authority market. There was nearly £323.3m of loans repaid during the year.

The Council continued its policy of investment diversification during the year and invested in various bonds totalling £78.154m, such as M7 REIP (£35m), Altana Wealth (£15m), Local Authority (£10m), TEO (£9.379m), Valley Ridge (£6.3m) and Abundance (£2.474m). The investments have been revalued which totalled £0.712m. During the year £270m was repaid to 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 2020.

Warrington during 2015/16 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. For 2020/21 Warrington was awarded the A2 Stable, reflects the strong institutional framework for UK local authorities, its track record of budget delivery and stable reserves balance. Warrington's credit challenges relate to its higher risk appetite than is the norm for the sector which is reflected in high debt levels and high exposure to commercial risk through its investment portfolio. Warrington's credit profile is

supported by the strong institutional framework for UK local authorities which includes the requirement to pass balanced budgets and tight fiscal and regulatory oversight by central government.

The A2 rating 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.

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

Cash Flow

	31/03/19	31/03/20	31/03/21
	£'000	£'000	£'000
Cash and cash equivalents	(2,031)	394	(186)
Short-term Deposits	29,816	111,563	46,911
TOTAL	27,785	111,957	46,725

Total cash and cash equivalents at 31 March 2021 is £46.725m. 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 2020/21 from eight to nine. 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)
- Together Energy
- Incrementum Housing Development Company
- Incrementum Housing Management Company
- Warrington Renewables (York)

In 2020/21 these were joined by:

- Warrington Renewables (Hull)

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). Separate grant funding for historic teacher pay awards and increases to employers' pension contributions have now been absorbed into DSG. Pupil Premium continues to be paid separately, although the qualifying census date has been pushed back, from January 2021, to October 2020 numbers.

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 2020/21 by £0.219m. This total overspend was mitigated by an underspend on pre-school activity, with some settings having periods of closure during the pandemic. The greatest area of overspend continues to be in special education provision. The consolidated overspend represented 0.21 % of Warrington's total DSG receipt of £102.693m (after recoupment for Academy budgets). Further details can be found in Note 18.

At the end of 2019/20, school balances for Warrington maintained schools totalled £5.657m, while at the end of 2020/21 the aggregate of balances had increased to £8.039m. Overall balances now stand at 9.1%, up from 6.8% last year. There were no conversions to Academy status during the year, so these two figures are directly comparable, although clearly the situations, in respect of COVID, are starkly different. Because of the distorting effect of the pandemic, it is likely that this increase is anomalous – indeed, after removing additional grant funding, and considering the use of surpluses to set balanced budgets in 2021/22, the underlying position is much reduced, at £3.683 million.

Having no Academy conversions meant there was no additional transfer of assets from the Council's Balance Sheet. Funding of all current mainstream Academies resulted in a revenue recoupment from DSG of £72.894m.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is an essential part of 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.

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

1. Pandemic outbreak
2. Managing homeless
3. Cyber attack
4. Financial stability
5. Corporate governance – managing a complex & diverse organisation

EXPLANATION OF THE FINANCIAL STATEMENTS

The 2020/21 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 2020 to 31 March 2021.

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 lgreen@warrington.gov.uk.

ACKNOWLEDGEMENTS

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

I would like to express my gratitude to the team and extend this to colleagues across the Council, Members, the Senior 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.



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 2021 and its income and expenditure for the year ended 31 March 2021.

Signed



Dated 29th July 2021

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 Councils in-year budget monitoring (in accordance with Para 3.4.2.95 of the Code).

2020/21			
	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	6,750	-	6,750
Families & Wellbeing	102,790	-	102,790
Environment & Transport	24,710	-	24,710
Growth	9,440	-	9,440
Corporate Finance	(20,438)	-	(20,438)
Central Charges	3,752	78,322	82,074
Net Cost of Services	127,004	78,322	205,326
Other Income and Expenditure	(174,410)	4,141	(170,269)
(Surplus) or Deficit	(47,406)	82,463	35,057
Opening General Fund at 31 March 2019	(65,617)		
Less/Plus (Surplus) or Deficit on General Fund in Year	(47,406)		
Closing General Fund at 31 March 2020	(113,023)		
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)		

Movement in Reserves Statement for the Year Ended 31 March 2021	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 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		(38,643)	-	-	(38,643)	162,691	124,048
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
Restated Balance as at 31 March 2020		65,617	25	18,889	84,531	221,926	306,457
<i>Movement in Reserves during the year</i>							
Total Comprehensive Income and Expenditure		(35,057)	-	-	(35,057)	(143,576)	(178,633)
Adjustments between accounting basis & funding basis under regulations	7	82,463	2,023	666	85,152	(85,152)	-
Increase or (Decrease) in Year		47,406	2,023	666	50,095	(228,728)	(178,633)
Balance as at 31 March 2021		113,023	2,048	19,555	134,626	(6,802)	127,824

Comprehensive Income and Expenditure Statement for the year ended 31 March 2021

Gross Expenditure £'000	2019/20		Note(s)	2020/21	
	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Net Expenditure £'000
11,455	(5,490)	5,965		12,440	6,750
278,681	(175,307)	103,374		287,663	102,790
32,439	(13,265)	19,174		36,368	24,710
10,033	(2,822)	7,211		11,357	9,440
47,068	(79,942)	(32,874)		59,956	(20,438)
48,237	-	48,237		82,074	82,074
427,913	(276,826)	151,087		489,858	205,326
		33,417	10		3,526
		33,842	11		12,141
		(179,703)	12		(185,936)
		38,643			35,057
		(24,396)	33		(3,155)
		319	33		-
		(138,614)	32		146,731
		(162,691)			143,576
		(124,048)			178,633

Balance Sheet as at 31 March 2021

		31st March 2020 £000	31st March 2021 £000
Property, Plant & Equipment	21	772,725	757,802
Heritage Assets	22	16,973	17,157
Investment Property	23	42,320	35,305
Intangible Assets		574	778
Long Term Investments	34	659,895	721,730
Long Term Debtors	25	164,399	433,916
Long Term Assets		1,656,886	1,966,688
Short Term Investments	34	278,635	36,120
Inventories		883	829
Short Term Debtors	26	72,696	123,410
Cash and Cash Equivalents	27	111,957	46,725
Assets Held for Sale		-	-
Current Assets		464,171	207,084
Cash and Cash Equivalents	27	-	-
Short Term Borrowing	34	(153,614)	(243,668)
Short Term Creditors	28	(66,963)	(104,239)
Provisions	29	(8,367)	(8,758)
Current Liabilities		(228,944)	(356,665)
Long Term Creditors	28	(3,800)	(3,627)
Grants Receipts in Advance - Capital	20	(5,067)	(5,990)
Grants Receipts in Advance - Revenue	20	(21,390)	(22,390)
Provisions	29	(2,590)	(2,590)
Long Term Borrowing	34	(1,420,067)	(1,367,618)
Long Term Pension Liabilities	32	(132,742)	(287,068)
Long Term Liabilities		(1,585,656)	(1,689,283)
Net Assets		306,457	127,824
Usable Reserves	9	84,531	134,626
Unusable Reserves	33	221,926	(6,802)
Total Reserves		306,457	127,824

Cash Flow Statement for the year ended 31 March 2021

2019/20 £'000		Note(s)	2020/21 £'000
(38,643)	Net (surplus) or deficit on the provision of services		(35,057)
82,890	Adjustments to net surplus or deficit on the provision of services for non-cash movements	36	551,389
(54,119)	Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	36	(740,122)
(9,872)	Net Cash Flows from Operating Activities		(223,790)
(603,690)	Investing Activities	37	92,674
697,734	Financing Activities	38	65,884
84,172	Net (increase) or decrease in cash and cash equivalents		(65,232)
27,785	Cash and cash equivalents at the beginning of the reporting period		111,957
111,957	Cash and cash equivalents at the end of the reporting period	27	46,725

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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:

Accounting changes that are introduced by the 2021/22 code are:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

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 schools, which they can withdraw at any time. The Council acknowledges that the ownership of the schools 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', each 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 each 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 £102.47m in 2020/21, 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 as 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 £0.142m. 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions	<p>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.</p> <p>During 2020/21 the Council's actuaries advised that the net pension liability had increased by £149.326m as a result of updating of the assumptions.</p>	<ul style="list-style-type: none"> • A decrease of 0.5% in Real Discount Rate could increase the Council’s liability by £119.527m. • An increase of 0.5% in Salary Increase Rate could increase the Council’s liability by £12.323m. • An increase of 0.5% in Pension Increase Rate could increase the Council’s liability by £104.611m.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment/ Investment Properties</p>	<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. For example, 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 £3.530m 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 £463.301m</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Fair Value Measurements	<p>When the fair values of Investment Assets, PPE Surplus Assets and Assets Held for Sale cannot be measured on quoted prices in active markets (i.e. Level 1 inputs) their fair value is measured using the following approaches and valuation techniques:</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>Changes in the assumptions used could affect the fair value (either upwards or downwards) of the Council's assets and liabilities.</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	At 31 March 2021 the Council had a balance of debtors of £123.410m. A review of significant balances suggested that an impairment of doubtful debts of £15.507m was appropriate.	If collection rates were to deteriorate an increase in the amount of the impairment of the doubtful debts would be required.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Business Rate Appeals	<p>2020/21 is the sixth year of the Business Rates Retention Scheme whereby the Council retains 30.6% of the business rates income it collects (£31.330m out of £102.47m), but is subject to a £17.039m tariff.</p> <p>Following the 2017 revaluation of business hereditaments, we have seen unprecedented levels of appeals – the success of which are negatively impacting on the yield. A provision has been made for the estimated success of future appeals for losses for the period to the end of March 2021 of £14.237m. A safety net system protects the Council from losses below baseline funding levels of £29.980m.</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>
Britain leaving the European Union: asset values and pension liability	<p>There is still uncertainty about the implications of Britain's departure from the European Union. 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.</p>	<p>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.</p>

5 Events after the Balance Sheet Date

On 12th July 2021 the Cabinet approved a report to purchase Royal Mail Orion Boulevard Omega Warrington for a total capital cost of £42.97 million. The purchase was agreed for the following reasons:

- This will provide property ownership within the Borough and a future regeneration and economic growth opportunity.
- To enable the Council's ambition to become financially sustainable through longer term planning.
- To assist in sustaining the target for property income.

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.

2020/21				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	-	-	-	-
Families & Wellbeing	-	-	-	-
Economic Regeneration, Growth & Environment	-	-	-	-
Corporate Finance	-	-	-	-
Central Charges	69,707	7,499	1,116	78,322
Net Cost of Services	69,707	7,499	1,116	78,322
Other Income and Expenditure	(26,055)	3,102	27,094	4,141
Difference between the General Fund Surplus or Deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit	43,652	10,601	28,210	82,463

2019/20				
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Corporate Services	-	-	-	-
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 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

	2019/20	2020/21
	£'000	£'000
Corporate Services	(4,416)	(4,591)
Families & Wellbeing	(65,043)	(73,907)
Environment & Transport	(13,265)	(11,658)
Growth	(2,785)	(1,917)
Corporate Finance	(29,470)	(42,166)
Central Charges	-	-
Total Revenue from External Customers	(114,979)	(134,239)

Interest Revenue

	2019/20	2020/21
	£'000	£'000
Corporate Services	(14)	(13)
Families & Wellbeing	(27)	(35)
Environment & Transport	-	-
Growth	-	-
Corporate Finance	(10,254)	(19,135)
Central Charges	(1,798)	(1,798)
Total Revenue from External Customers	(12,093)	(20,981)

Segmental Expenditure

Expenditure received on a segmental basis is analysed below:

Interest Expense

	2019/20	2020/21
	£'000	£'000
Corporate Services	-	-
Families & Wellbeing	-	-
Environment & Transport	-	-
Growth	-	-
Corporate Finance	19,327	27,594
Central Charges	-	-
Total Revenue from External Customers	19,327	27,594

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.

2020/21	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	(10,601)	-	-
- Financial instruments (transferred to the Financial Instruments Adjustment Account)		(10)	-	-
-Pooled Investment (transferred from the Pooled Investments Mitigation Reserve)		757	-	-
- Council Tax and NDR (transfers to or from Collection Fund Adjustment Account)		(27,841)	-	-
- Holiday pay (transferred to Accumulated Absences Reserve)		(1,116)	-	-
- 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)		(80,867)	-	(7,717)
Total Adjustments to Revenue Resources		(119,678)	-	(7,717)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to Capital Receipts Reserve	9	4,977	(4,977)	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	24	887	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)		31,351	-	-
Total Adjustments between Revenue and Capital Resources		37,215	(4,977)	-
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	24	-	2,954	-
Application of capital grants to finance capital expenditure	9	-	-	7,051
Cash payments in relation to deferred capital receipts	9	-	-	-
Total Adjustments to Capital Resources		-	2,954	7,051
Total Adjustments		(82,463)	(2,023)	(666)

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 Absences 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)

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 2020/21.

	SAP	Balance at	Transfers	Transfers in	Balance at	Transfers	Transfers in	Balance at	Purpose of Reserve
	General	31 March	out	2019/20	31 March	out	2020/21	31 March	
	Ledger	2019	2019/20	2019/20	2020	2020/21	2020/21	2021	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Schools									
School Balances	975000	5,591	(255)	321	5,657	(35)	2,417	8,039	
Schools Re-organisation Contingency	973980	881	-	-	881	-	-	881	To contribute to the school deficit upon closure
Total Schools Reserves		6,472	(255)	321	6,538	(35)	2,417	8,920	
Council									
Anson & Blenheim PFI	973610	1	(1)	-	-	-	-	-	PFI credits ring-fenced to mitigate any future liabilities
Armed Forces Covenant Grant	974720	-	-	9	9	-	-	9	To fund support for MoD activities
BCF Pooled		21	-	-	21	-	-	21	To fund better care pooled arrangements.
Birchwood Park		1,000	-	9,282	10,282	-	5,000	15,282	To act as a contingency for Birchwood Park activity
Business Rates Smoothing		11,159	(5,456)	9,174	14,877	(2,992)	30,970	42,855	To fund fluctuations in business rates deficit estimates.
Children's Comfort Funds	973940	7	-	-	7	-	-	7	Held on behalf of children in care
Climate Change	974750	-	-	-	-	-	500	500	To fund Climate Change schemes
Community Drug & Alcohol Misuse	974640	1	(1)	-	-	-	-	-	To fund the Council's drug and alcohol misuse strategy
Community Investment Fund	973390	91	-	-	91	-	-	91	To fund Community Investment Schemes
Community Safety Enabling		-	-	111	111	-	-	111	To fund Community Safety schemes
Coroners Judicial Review	973420	152	(22)	1	131	-	12	143	To fund any one off costs of future judicial reviews
Corporate Services Enabling	974440	258	(203)	132	187	(134)	472	525	To fund future expenditure in Corporate Services
COVID-19 Grant		-	-	5,323	5,323	(5,323)	134	134	To fund COVID-19 costs

	SAP	Balance at	Transfers	Transfers in	Balance at	Transfers	Transfers in	Balance at	Purpose of Reserve
	General	31 March	out 2019/20	2019/20	31 March	out 2020/21	2020/21	31 March	
	Ledger	2019	£'000	£'000	2020	£'000	£'000	2021	
		£'000			£'000			£'000	
Criminal Injuries Compensation	973950	-	-	-	-	-	-	-	To provide for criminal injury claims from children in care
DSG Deficit		-	-	(719)	(719)	-	(219)	(938)	To fund DSG deficit
Early Release	974680	610	-	-	610	-	-	610	To fund movements in the redundancy calculation
Economic Regeneration, Growth & Environment Services (ERGE)	974420	398	(275)	892	1,015	(892)	675	798	To fund future expenditure in ERGE
Families and Wellbeing Service Adults	974430	1,047	(1,047)	-	-	-	2,058	2,058	To fund future expenditure in FWB Adults
Families and Wellbeing Service Childrens	974410	1,821	(1,821)	2,950	2,950	(2,950)	2,943	2,943	To fund future expenditure in FWB Childrens
Financial Protection Team	973390	20	-	-	20	-	-	20	To fund expenditure for Adults with specific criteria
Home to School Transport	974470	-	-	-	-	-	-	-	Future potential home to school transport claims
Homelessness	973900	91	-	-	91	-	-	91	To fund bond/deposits to secure accomodation for the homeless
Insurance Fund	973820	2,129	(126)	51	2,054	-	-	2,054	Third party claim excesses and self insure areas of risk
Local Authority Mortgage Scheme	974450	725	-	-	725	-	-	725	Potential future LAMS defaults
Local Land Charges	973800	-	-	-	-	-	-	-	Statutory 3 year fee setting ring-fence surplus/deficit
Loans & Investment		4,500	-	500	5,000	-	3,500	8,500	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	-	-	117	To fund 'Local Public Service Agreement' activity.
Market Tenants Advertising		8	-	4	12	-	-	12	To fund market tenants advertising
Mayor's Charity	973090	17	(7)	-	10	(1)	-	9	Money's collected for mayoral supported charities
Members Voluntary Initiative	973100	8	-	-	8	-	-	8	To fund International Partnerships initiative
Municipal Mutual Insurance (MMI)	974480	510	(51)	-	459	-	-	459	To fund future potential MMI clawback
Medium Term Financial Plan	973830	334	(664)	5,226	4,896	(728)	6,005	10,173	To ensure the council's future financial sustainability
Museum Arts	973250	13	-	-	13	-	-	13	To fund future museum exhibitions or art acquisitions

		Balance at			Balance at			Balance at	Purpose of Reserve
	SAP General Ledger	31 March 2019	Transfers out 2019/20	Transfers in 2019/20	31 March 2020	Transfers out 2020/21	Transfers in 2020/21	31 March 2021	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Parish Council Elections		11	-	-	11	-	-	11	To fund fluctuations in parish council elections income and expenditure
Prison Substance Misuse Service	974650	-	-	-	-	-	-	-	To fund the Council's prison substance misuse strategy
Public Health Grant	973530	1,278	(1,278)	1,329	1,329	(1,329)	2,320	2,320	To fund public health expenditure
Salary Sacrifice Car Lease	973530	93	-	-	93	-	-	93	Potential future liability on salary sacrifice car lease
SALIX Revolving Fund	973755	129	-	-	129	-	-	129	Energy efficiency schemes
Schools Forum Service Development	973790	59	-	-	59	-	-	59	Financial and advisory support to Schools Forum
Sinking Fund	973930	727	(39)	31	719	-	282	1,001	Alder Lodge Homeless Unit refurbishment/enhancement
Solar Panels Lifecycle Fund	974460	280	-	-	280	-	-	280	Future replacement cost on solar panels
Strategic Reserve	973780	4,760	-	-	4,760	-	-	4,760	For emergency events such as unforeseen financial liabilities or natural disasters
Taxi Account	973650	118	-	52	170	-	48	218	Ring-fenced account of Taxi Service surplus/deficit
Time Square	973880	-	-	-	-	-	-	-	Regeneration of Time Square
Town Centre Sinking Fund	973630	229	-	-	229	-	-	229	Potential future Town Centre overspends
Union Learner Reps		17	-	-	17	-	-	17	Monies set aside to increase participation in union training services
Unitary Charge	974480	1,674	-	284	1,958	-	234	2,192	Future variations on unitary charge on PFI schemes
Walton Hall	973860	5	-	-	5	-	-	5	Walton Hall refurbishment
Walton Zoo		-	-	-	-	-	-	-	Walton Hall animals
Winwick Road	974320	111	-	-	111	-	-	111	Alder Lodge Homeless Unit refurbishment/enhancement
2 Way Youth Offending Team (YOT)	973960	-	-	-	-	-	-	-	Warrington and Halton Council's joint provision of YOT
Warrington YOT		135	(38)	22	119	(31)	25	113	Warrington Council YOT
Halton YOT		101	(66)	21	56	(72)	25	9	Halton Council YOT
Cheshire West YOT		67	(21)	21	67	(25)	25	67	Cheshire West Council YOT
Cheshire East YOT		-	(21)	21	-	(25)	25	-	Cheshire East Council YOT
3 Way Youth Offending Team (YOT)	973965	-	-	-	-	-	-	-	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	(14,502)	60,034	103,944	
Total Earmarked Reserves		41,353	(11,441)	35,038	64,950	(14,537)	62,451	112,864	
Net Transfer to/(from) Reserves				23,597			47,914		

9 Usable Reserves

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

	Note(s)	31/03/20 £'000	31/03/21 £'000
<u>Held for Revenue Purposes</u>			
General Fund		667	159
Earmarked Reserves	8	64,950	112,864
General Fund Balance	MIRS	65,617	113,023
<u>Held for Capital Purposes</u>			
Capital Receipts Reserve	MiRS	25	2,048
Capital Grants Unapplied Reserve	MIRS	18,889	19,555
Total Usable Reserves		84,531	134,626

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)	31/03/20 £'000	31/03/20 £'000
Balance as at 1 April		3,250	25
Tfr from Deferred Capital Receipts	7	1	-
Capital receipts from year	7	1,593	4,977
		4,844	5,002
Less:			
Capital receipts used for financing	7	(4,819)	(2,954)
Balance as at 31 March		25	2,048

Capital Grants Unapplied

	Note(s)	31/03/20 £'000	31/03/20 £'000
Balance as at 1 April		9,287	18,889
Grants received in year		25,221	7,717
Tfr to Capital Adjustment Account in year		(15,619)	(7,051)
Balance as at 31 March		18,889	19,555

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

2019/20		2020/21
£'000		£'000
2,235	Parish council precepts	2,333
31,054	Losses on the disposal of non-current assets	1,063
128	Levies	130
33,417		3,526

11 Financing and Investment Income and Expenditure

2019/20		2020/21
£'000		£'000
19,327	Interest payable and similar charges	27,594
6,163	Pensions interest cost and expected return on pension assets	3,102
(9,717)	Interest receivable and similar income	(18,484)
18,069	Income and expenditure in relation to investment properties and changes in their fair value	(71)
33,842		12,141

12 Taxation and Non-Specific Grant Incomes

2019/20		2020/21
£'000		£'000
(100,602)	Council Tax Income	(102,099)
(33,957)	NDR Redistribution	(4,785)
(9,550)	Non-ringfenced government grants	(49,069)
(5,323)	COVID-19 grant	(3,233)
(30,271)	Capital grants	(26,750)
(179,703)		(185,936)

13 Material Items of Income and Expense

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. For the purposes of this note the Council considers material items to be those greater than £5.000m. For 2020/21 there were no material items of income and expenditure.

14 Members' Allowances

During the year allowances paid to Members were £0.709m (£0.721m in 2019/20) and expenses paid were £0.072m (£0.083m in 2019/20).

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.

Officer	Year	Salary, Fees and Allowances		Expenses Allowances	Taxable Benefits	Other Non- Compensation		Pension Contribution	Total
		(note 3)				Cash Benefits	for Loss of Office		
		£	£	£	£	£	£	£	£
Professor Steven Broomhead	2020/21	151,266	-	-	-	-	-	-	151,266
Chief Executive (Note 1)	2019/20	147,218	776	-	-	-	-	-	147,994
Steve Peddie	2020/21	-	-	-	-	-	-	-	-
Executive Director Families & Wellbeing (Left 31/10/19)	2019/20	72,611	1,330	-	4,374	93,276	17,086	-	188,677
Andy Farrall	2020/21	-	-	-	-	-	-	-	-
Executive Director Economic Regeneration, Growth & Environment (Left 31/07/19)	2019/20	48,177	282	-	-	103,528	9,516	-	161,503
Lynton Green	2020/21	109,115	910	-	14,139	-	25,200	-	149,364
Deputy Chief Executive/Director of Corporate Services	2019/20	107,543	2,387	-	12,502	-	25,574	-	148,006
Dr Abdel Aziz	2020/21	-	-	-	-	-	-	-	-
Director of Public Health (Left 31/12/19)	2019/20	94,919	635	-	-	-	22,591	-	118,145
Matthew Cumberbatch	2020/21	99,759	846	-	-	-	22,945	-	123,550
Director of Law & Governance	2019/20	91,780	846	-	-	-	21,844	-	114,470
Dave Boyer	2020/21	105,669	-	-	-	-	24,304	-	129,973
Director of Environment & Transport	2019/20	99,932	776	-	-	-	23,784	-	124,492
Assistant Director	2020/21	97,147	-	-	-	-	22,344	-	119,491
Asst. Director Integrated Commissioning (Note 2)	2019/20	94,547	-	-	-	-	22,502	-	117,049
Gareth Hopkins	2020/21	90,423	1,306	-	6,724	-	-	-	98,453
Deputy Director Corporate Services	2019/20	86,556	1,919	-	6,903	-	364	-	95,742
Steve Park	2020/21	95,956	-	-	9,713	-	22,070	-	127,739
Director of Growth	2019/20	91,763	2,437	-	8,169	-	21,840	-	124,209
Paula Worthington	2020/21	99,761	-	-	-	-	22,945	-	122,706
Director of Education, Early Help & SEND	2019/20	90,554	776	-	-	-	21,552	-	112,882
Amanda Amesbury	2020/21	105,669	-	-	-	-	24,304	-	129,973
Director of Children's Social Care (DCS)	2019/20	100,091	776	-	-	-	23,882	-	124,749
Catherine Jones	2020/21	105,669	-	-	-	-	24,304	-	129,973
Director of Adult Social Care (DASS)	2019/20	99,622	776	-	-	-	23,822	-	124,220
Tara Raj	2020/21	70,446	-	-	-	-	16,203	-	86,649
Director of Public Health (Started 01/08/20)	2019/20	-	-	-	-	-	-	-	-

- **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** – 100% funded by Warrington CCG (100% included in the table).
- **Note 3** – 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 2020/21, was £22,591 (April - August).
- **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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2019/20				2020/21				
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
28	28	1	57	£50,000 to £54,999	38	27	3	68
16	20	6	42	£55,000 to £59,999	14	15	-	29
10	20	2	32	£60,000 to £64,999	12	21	1	34
12	19	1	32	£65,000 to £69,999	3	23	3	29
4	6	1	11	£70,000 to £74,999	13	7	-	20
6	2	-	8	£75,000 to £79,999	-	3	-	3
1	3	-	4	£80,000 to £84,999	4	2	-	6
2	1	-	3	£85,001 to £89,999	3	2	-	5
3	1	-	4	£90,000 to £94,999	1	2	-	3
2	-	1	3	£95,000 to £99,999	5	-	1	6
4	1	-	5	£100,000 to £104,999	1	-	-	1
-	-	1	1	£105,000 to £109,999	4	2	-	6
-	-	-	-	£110,000 to £114,999	-	-	1	1
-	-	-	-	£115,000 to £119,999	-	-	1	1
1	-	-	1	£120,000 to £124,999	1	-	-	1
-	-	1	1	£125,000 to £129,999	-	-	-	-
-	-	-	-	£130,000 to £134,999	-	-	-	-
1	-	-	1	£135,000 to £139,999	1	-	-	1
-	-	-	-	£140,000 to £144,999	-	-	-	-
1	-	-	1	£145,000 to £149,999	-	-	-	-
-	-	-	-	£150,000 to £154,999	1	-	-	1
91	101	14	206		101	104	10	215

Exit Packages 2020/21

2020/21 Exit Package Cost Band (including special payments)	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools	Non-Schools	Total	Schools £	Non-Schools £	Total £
£0 - £20,000	4	2	6	1	3	4	5	5	10	27,422	41,226	68,648
£20,001 - £40,000	-	2	2	-	6	6	-	8	8	-	251,749	251,749
£40,001 - £60,000	-	-	-	-	5	5	-	5	5	-	236,231	236,231
£60,001 - £80,000	-	1	1	-	3	3	-	4	4	-	280,410	280,410
£80,001 - £100,000	-	-	-	-	2	2	-	2	2	-	181,195	181,195
£100,001 - £150,000	-	-	-	-	1	1	-	1	1	-	138,969	138,969
£150,001 - £200,000	-	-	-	-	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-	-	-	-	-	-	-
Total	4	5	9	1	20	21	5	25	30	27,422	1,129,781	1,157,203

Exit Packages 2019/20

2019/20 Exit Package Cost Band (including special payments)	No. of Compulsory Redundancies			No. of Other Departures Agreed			Total No. of Exit Packages			Total Cost of Exit Packages		
	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

16 Termination Benefits

The Council terminated the contracts of 30 employees in 2020/21, incurring redundancy liabilities of £574,825 (2019/20 £1,494,771) and pension fund liabilities of £582,378 (2019/20 £1,526,486) 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 (2019/20 £97,916). The fee payable for the certification of grant claims and returns for the year was £22,800 (£11,000 in 2019/20). The fee payable with regard to other services for the year was £0 (2019/20 £15,000).

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.

	2019/20	2020/21
	£'000	£'000
Expenditure/Income		
Expenditure		
Employee benefits expenses	180,501	174,474
Other service expenses	265,565	284,069
Depreciation, amortisation, impairment	51,750	68,941
Interest payments	21,031	26,799
Expenditure relating to investment properties	18,845	566
Precepts and levies	2,235	2,333
Total expenditure	539,927	557,182
Income		
Fees, charges and other service income	(150,332)	(163,360)
Interest and investment income	(12,093)	(20,981)
Income relating to investment properties	(776)	(637)
Income from council tax, non-domestic rates	(100,602)	(102,099)
Government grants and contributions	(237,481)	(235,048)
Total Income	(501,284)	(522,125)
Surplus or Deficit on the Provision of Services	38,643	35,057

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 2020/21 are as follows:

	Central Expenditure £'000	Individual Schools Budget £'000	Funding Total £'000
Final DSG for 2020/21 before academy recoupmnt			176,895
Academies figure recouped for 2020/21			72,894
Total DSG after academy recoupmnt for 2020/21			104,001
Plus: Brought forward from 2019/20			(719)
Less: Carry forward to 2021/22			
Agreed initial budgeted distribution in 2020/21	34,798	68,484	103,282
In-year adjustments	(589)	-	(589)
Final budget distribution for 2020/21	34,209	68,484	102,693
Less: Actual Central Expenditure	(35,147)	-	(35,147)
Less: Actual Individual Schools Budget deployed to schools		(68,484)	(68,484)
Plus: Local Authority contribution for 2020/21	-	-	-
Carry forward to 2021/22	(938)		(938)

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 2020/21.

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	2019/20 £'000	2020/21 £'000
Revenue		
Business Rates Retention Scheme Income	33,958	28,656
Revenue Support Grant	1,343	996
New Homes Bonus	2,100	1,285
Business Rates Section 31 Grants	4,582	6,840
Other Grants credited to Taxation & Non Specific Grant Income	6,847	19,310
Total Revenue Grants	48,830	57,087
Capital Grants and Contributions	30,271	26,750
Total	79,101	83,837

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

	2019/20	2020/21
	£'000	£'000
Credited to Services		
Grants		
Dedicated Schools Grant	102,597	103,481
Rent Allowance Subsidy	33,941	33,204
Public Health Grant	11,935	11,434
Covid 19 Additional Restrictions Grant	-	5,723
Pupil Premium	5,252	5,091
Infection Control Grant	-	4,758
Improved Better Care Fund	5,205	4,675
Teachers Pension Grant	1,556	2,610
Universal Schools Meals Grant	2,113	1,874
Covid 19 Small Business Grant	-	1,778
Contain the Outbreak Management fund / Test and Trace	-	1,120
Youth Justice Grant	978	1,003
Substance Misuse Grant	1,211	-
Capital Grant Income to fund Revenue Expenditure	7,114	4,601
Other Grants	10,943	15,848
Total Grants	182,844	197,200
Contributions		
High Costs Care Packages Contributions	1,304	1,326
NHS CCG contributions	1,016	-
Coroner Service Contributions	19,320	21,576
Other Contributions	10,122	3,924
Total Contributions	31,763	26,826
Total	214,607	224,026

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.

	2019/20	2020/21
	£'000	£'000
Grants Receipts in Advance (Short and Long-term)		
Capital Grants	5,067	5,990
Revenue Grants		
Commutated Sums	6,757	6,475
Restated S106 Agreements	5,655	6,973
	8,978	8,942
Dedicated Schools Grant	-	-
Miscellaneous Revenue Grants	1,895	17,128
Total Revenue Grants	23,285	39,518
Total	28,352	45,508

21 Property, Plant and Equipment (PPE)

Movements in 2020/21:

	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 2020	383,493	286,528	56,479	16,986	107,213	4,742	855,441	7,493	70,621
Additions	10,403	26,262	1,185	344	9,644	-	47,838	-	-
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	(1,552)	-	-	-	-	(197)	(1,749)	(11,911)	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,282	-	-	-	-	693	2,975	(2,632)	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(47,364)	-	-	-	-	(80)	(47,444)	-	-
Derecognition - disposals	(4)	-	-	-	(3,368)	(2,822)	(6,194)	-	-
Reclassifications & transfers	82,729	9,817	-	389	(95,630)	2,695	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	7,452	-	-	-	-	215	7,667	-	-
Balance as at 31 March 2021	437,439	322,607	57,664	17,719	17,859	5,246	858,534	(7,050)	70,621
Depreciation and Impairment									
Balance as at 1 April 2020	11,377	43,561	27,772	6	-	-	82,716	962	5,665
Depreciation charge	8,477	7,146	4,143	-	-	-	19,766	229	3,078
Accumulated depreciation written out to GCA	(1,552)	-	-	-	-	(197)	(1,749)	(1,191)	-
Depreciation - disposals	(1)	-	-	-	-	-	(1)	-	-
Reclassifications & transfers	(197)	-	-	-	-	197	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	18,104	50,707	31,915	6	-	-	100,732	-	8,743
Net Book Value									
Balance as at 31 March 2021	419,335	271,900	25,749	17,713	17,859	5,246	757,802	(7,050)	61,878
Balance as at 31 March 2020	372,116	242,967	28,707	16,980	107,213	4,742	772,725	6,531	64,956

Comparable Movement 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	50,095
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	70,621
Depreciation and Impairment									
Balance as at 1 April 2019	17,756	37,138	25,841	6	-	-	80,741	734	9,288
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	5,665
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	64,956
Balance as at 31 March 2019	350,565	226,171	29,746	15,995	108,181	3,742	734,400	6,759	40,807

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 Annexe 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 2021 were £25.433m. This includes the following major projects:

- Bewsey & Dallam Hub - £3.627m
- Warrington Youth Zone - £2.348m
- Western Link Pre-Construction - £8.659m
- Bridgewater High Extension - £4.874m

Similar commitments at 31 March 2020 were £21.876m relating to previous year commitment totals including all of the projects listed above as well as Centre Park Link, Time Square Project and Highways Maintenance Investment.

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	47,521	322,607	57,664	17,719	17,790	-	463,301
Valued at fair value as at:							
31 March 2021	57,469	-	-	-	-	5,246	62,715
31 March 2020	183,427	-	-	-	-	-	183,427
31 March 2019	73,588	-	-	-	69	-	73,657
31 March 2018	75,434	-	-	-	-	-	75,434
31 March 2017	-	-	-	-	-	-	-
Total Cost or Valuation	437,439	322,607	57,664	17,719	17,859	5,246	858,534

22 Heritage Assets

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

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

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

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

	Museum Exhibits & Artworks £'000	Civic Regalia £'000	Ornamental Gates £'000	Statues & Town Centre Artwork £'000	Total Assets £'000
Cost or Valuation					
Balance as at 31 March 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
Transfer from PPE	-	-	3	-	3
Revaluations	93	3	35	50	181
Balance as at 31 March 2021	10,446	335	2,738	3,638	17,157

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.

The retention payment for the renovation of the Golden Gates is included as additions during 20/21. There were no disposals of Heritage Assets during 2020/21 and there has been no movement 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 in property or similar assets 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

	2019/20	2020/21
	£'000	£'000
Rental income from investment property	(2,573)	(2,435)
Net (gains)/losses from fair value adjustments	18,082	(368)
Direct operating expenses arising from investment property	2,560	2,732
Net (gain)/loss	18,069	(71)

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:

	2019/20	2020/21
	£'000	£'000
Balance as at the start of the year	32,511	42,320
Disposals	(2,339)	-
Net gains/(losses) from fair value adjustments	(18,039)	368
Additions	26,692	284
Transfers (to)/ from Property, Plant and Equipment	3,495	(7,667)
Balance as at end of the year	42,320	35,305

Fair Value Hierarchy

Details of Warrington Borough Council investment properties and information about the fair value hierarchy as at 31 March 2021 and 2020 are as follows:

2020/21	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 2021 £000
Industrial Ground Rents	-	19,083	-	19,083
Retail Units	-	9,161	-	9,161
Industrial Units	-	2,558	-	2,558
Other	-	4,503	-	4,503
Total	-	35,305	-	35,305

Restated 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 2020 £000
Industrial Ground Rents	-	17,906	334	18,240
Retail Units	-	16,832	-	16,832
Industrial Units	-	2,744	-	2,744
Other	-	4,504	-	4,504
Total	-	41,986	334	42,320

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 2020 £000	31 March 2021 £000
Opening Balance	17,010	334
Correction to Opening balance	-	-
Transfers into Level 3	2,185	-
Transfers out of Level 3	(19,128)	(334)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	217	-
Additions	50	-
Disposals	-	-
Closing Balance	334	-

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)	2019/20 £'000	2020/21 £'000
Opening Capital Financing Requirement		792,101	968,392
Capital Investment			
Property, Plant and Equipment	21	68,749	47,719
Investment Properties	23	26,692	284
Intangible Assets		170	362
Revenue Expenditure Funded by Capital Under Statute		16,022	7,826
Non Treasury Investments			
Redwood Bank		556	2,584
Birchwood Park JPUT		11,178	23
Commercial Properties		-	19,290
Together Energy		18,207	-
Solar Farms - York		44,300	(30,076)
Solar Farms - Hull		25	7,387
Solar Farms - Cirencester		-	217
Housing Equity Loans		-	11,000
Long Term Debtors			
Loans to Registered Providers		27,000	60,000
Loan to Together Energy		4,240	-
Together Energy RCF		852	16,000
Loan to Housing Company		-	450
Solar Farms - York		-	30,214
Solar Farms - Hull		-	16,166
Solar Farms - Hull Batteries		-	10,100
Foster Carers Loans		-	18
Loan to Hut Group		-	151,960
		217,991	351,524
Sources of Finance			
Capital Receipts	9	(4,819)	(2,954)
Government Grants & Other Contributions		(24,667)	(28,179)
Payments Received for:			
Long Term Debtor - Warrington Housing Association		(121)	(127)
Long Term Debtor - Golden Gates Housing		(53)	(56)
Long Term Debtor - Your Housing		(81)	(194)
Long Term Debtor - Equity		(274)	(285)
Long Term Debtor - Muir		(339)	(353)
Long Term Debtor - Helena		(390)	(409)
Long Term Debtor - Wirral Methodist		(190)	(200)
Long Term Debtor - Arawak Walton		(53)	(61)
Long Term Debtor - One Housing Group Ltd		(1,633)	(1,633)
Long Term Debtor - Together Energy		(404)	(2,772)
Long Term Debtor - Together Energy RCF		-	(2,500)
Long Term Debtor - Hut Group		-	(93)
Sums set aside from Revenue:			
Developers Contribution (S106)		(3,116)	(2,505)
Minimum Revenue Provision		(5,560)	(887)
		(41,700)	(43,208)
Closing Capital Financing Requirement		968,392	1,276,708
Explanations of movements in year			
Increase in underlying need for borrowing		176,291	308,316

25 Long Term Debtors

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

	31/03/20	31/03/21
	£'000	£'000
<u>Long-term Debtors</u>		
Other entities and individuals:		
Deferred Care Charges	1,095	1,201
Finance Leases (Where Council is Lessor)	31,887	31,887
Warrington Housing Association	3,030	2,897
Golden Gates Housing	1,403	1,344
Muir Housing Group	10,806	10,438
Arena Housing Group	2,531	8,182
Equity Housing Group	8,736	8,441
Helena Housing Association	12,665	12,235
Wulvern Housing Limited	10,000	10,000
Wirral Methodist Housing	4,455	4,255
Peaks & Plains Housing	4,000	4,000
Arawak Walton Housing	1,619	1,557
One Housing Group	45,255	43,622
Together Energy	1,065	8,000
Johnnie Johnson	5,000	11,000
Citystyle Living	20,000	68,000
Incrementum Housing	852	1,302
Hut Group Icon 3 Holding	-	149,994
Hull Solar Farm	-	25,611
York Solar Farm	-	29,932
Adoptions Lone Care	-	18
Total Long-term Debtors	164,399	433,916

26 Debtors

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

	31/03/20	31/03/21
	£'000	£'000
<u>Short-term Debtors</u>		
Central Government Bodies	16,900	15,739
Other Local Authorities	1,600	4,676
NHS Bodies	10,582	12,475
Public Corporations and Trading Funds	(2)	(2)
Other Entities and Individuals	43,616	90,522
Total Short-term Debtors	72,696	123,410

The amounts above are shown net of impairment for doubtful debts. For 2020/21 the impairment for doubtful debts totalled £15.507m of which £9.621m relates to Council Tax

and Business Rates (2019/20: £11.531m with £8.105m 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:

	31/03/20 £'000	31/03/21 £'000
Cash on hand and balances with banks	394	(186)
Short-term Deposits	111,563	46,911
Total Cash and Cash Equivalents	111,957	46,725

28 Creditors

The Council's creditors are as follows:

	31/03/20 £'000	31/03/21 £'000
Short-term Creditors		
Central Government Bodies	16,824	45,800
Other Local Authorities	5,415	5,782
NHS Bodies	2,735	5,291
Public Corporations and Trading Funds	-	-
Other Entities and Individuals	41,989	47,366
Total Short-term Creditors	66,963	104,239
Long-term Creditors		
Other Entities and Individuals	3,800	3,627
Total Creditors	70,763	107,866

29 Provisions

	Injury and Damage Compensation Claims £'000	Other Provisions £'000	Total £'000
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
Additional provisions made in year	-	7,551	7,551
Amounts used in year	-	(7,160)	(7,160)
Unused amounts reversed in year	-	-	-
Provisions unwound in year	-	-	-
Balance at 31 March 2021	2,551	8,797	11,348
		31/03/20	31/03/21
		£'000	£'000
Short-term Provisions		8,367	8,758
Long-term Provisions		2,590	2,590
Total Provisions		10,957	11,348

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 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 14th year of a 30 year contract in 2020/21. 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 - 25 year olds with short to medium term housing needs.

The Council has nomination rights over all the social dwellings on each scheme 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)
- Re-tender 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 contracts, 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 2021 (excluding any estimation of inflation and availability/performance deductions) are as follows:

Anson & Blenheim Close

Total at 31/03/2020 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2021 £'000
304	Payable in 2021/22	41	73	191	305
1,218	Payable within 2 to 5 years	166	360	692	1,218
1,522	Payable within 6 to 10 years	215	658	650	1,523
1,522	Payable within 11 to 15 years	216	1,010	295	1,521
381	Payable within 16 to 20 years	-	73	3	76
4,947		638	2,174	1,831	4,643

John Morris House

Total at 31/03/2020 £'000		Payment for Services £'000	Reimbursement of Capital Expenditure £'000	Interest £'000	Total at 31/03/2021 £'000
188	Payable in 2021/22	36	62	89	187
748	Payable within 2 to 5 years	145	285	319	749
938	Payable within 6 to 10 years	187	452	298	937
937	Payable within 11 to 15 years	193	590	154	937
508	Payable within 16 to 20 years	100	209	12	321
3,319		661	1,598	872	3,131

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

	2019/20 £'000	2020/21 £'000
Balance outstanding at start of year	(2,304)	(2,242)
Payments during the year	62	68
Balance outstanding at end of year	(2,242)	(2,174)

John Morris House

	2019/20 £'000	2020/21 £'000
Balance outstanding at start of year	(1,714)	(1,657)
Payments during the year	57	59
Balance outstanding at end of year	(1,657)	(1,598)

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 2020 £'000	31 March 2021 £'000
Finance lease liabilities (net present value of minimum lease payments):		
Current	-	-
Non-current	690	690
Finance costs payable in future years	7,259	7,162
Minimum lease payments	7,949	7,852

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

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000
Not later than one year	96	96	-	-
Later than one year and not later than five years	386	386	-	-
Later than five years	7,467	7,370	690	690
	7,949	7,852	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 2020/21 £102,975 contingent rents were payable by the Council (2019/20 £102,975).

The Council has sub-let some of the retail accommodation held under these finance leases. The above disclosure shows the net result of the lessee and lessor finance leases in relation to this accommodation. The Council currently incurs a rental charge of £199k and receives rental income of £44k in relation to these properties.

The Council also sub-let other property resulting in total sub-lease rental income of £530k (2019/20 £515k).

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 2019/20 £'000	2020/21 £'000
Leases rolling over regularly	314	314
Not later than one year	365	365
Later than one year and not later than five years	1,176	1,104
Later than five years	17,526	17,269
	19,381	19,052

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

2020/21	Resources and Strategic Commissioning £'000	Families and Wellbeing: Children £'000	Environment & Transport £'000	Families and Wellbeing: Adults £'000	Total £'000
Minimum lease payments	3	278	363	17	661
Sublease payments receivable	-	-	(81)	-	(81)
	3	278	282	17	580

2019/20	Resources and Strategic Commissioning £'000	Families and Wellbeing: Children £'000	Restated Environment & Transport £'000	Families and Wellbeing: Adults £'000	Total £'000
Minimum lease payments	3	278	363	17	661
Sublease payments receivable	-	-	(81)	-	(81)
	3	278	282	17	580

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 2021, 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 2020 £'000	31 March 2021 £'000
Finance lease debtors (net present value of minimum lease payments):		
Current	-	-
Non-current	31,887	31,887
Unearned finance income	288,081	286,283
Gross investment in the lease	319,968	318,170

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 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'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	310,978	309,180	310,978	309,180
	319,968	318,170	319,968	318,170

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 2020/21 £40,375 contingent rents were receivable by the Council (2019/20 £40,375).

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:

	2019/20 £'000	2020/21 £'000
Leases rolling over regularly	1,080	905
Not later than one year	8,384	13,027
Later than one year and not later than five years	31,298	44,034
Later than five years	394,206	399,405
	434,967	457,371

The minimum lease payments receivable include rents that were contingent on events taking place after the lease was entered into up until 31 March 2021, 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 2020 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:

	Restated 31/03/20 NBV £'000	31/03/21 NBV £'000
Land & Buildings	118,567	114,161
Investment Property	14,417	15,181
	132,984	129,342

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 un-funded 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 2020/21, the Council paid £7,850,466 to Teachers' Pensions in respect of teachers' retirement benefits, representing an average of 23.34% of pensionable pay. The figures for 2019/20 were £6,855,096 and 20.13%. The increase in total contributions (and the average percentage) is because of the full-year effect of the national increase in employer pension contribution rate, which increased in September 2019 from 16.48% to its current level of 23.68%. This more than offset the effect of removing the part-year value of last year's Academy conversions; there were no additional conversions during 2020/21. 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 2020/21, the Council paid £69,483 to NHS Pensions in respect of Public Health professionals' retirement benefits, representing 16.7% of pensionable pay (£87,225 and 17.1% in 2019/20). 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.

DRAFT

	2019/20 £'000	2020/21 £'000
Comprehensive Income and Expenditure Statement		
<u>Cost of Services:</u>		
<i>Service cost comprising</i>		
Current service cost	34,393	26,238
Past service costs (including curtailments)	826	412
(Gains) and losses on settlements	(2,261)	-
 <i>Financing and Investment Income and Expenditure</i>		
Net interest expense	6,163	3,102
Total post-employment benefit charged to the Surplus or Deficit on the Provision of Services	39,121	29,752
 <u>Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</u>		
<i>Remeasurement of the net defined benefit liability comprising:</i>		
Return on plan assets (excluding the amount included in the net interest expense)	(16,269)	101,417
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	154,883	(248,148)
Remeasurement of the net defined benefit liability	138,614	(146,731)
Total post-employment benefit charged to the Comprehensive Income and Expenditure Statement	177,735	(116,979)
 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	(23,840)	(7,595)
 Actual amount charged against the General Fund balance for pensions in the year		
Employers' contribution payable to the scheme	(15,281)	(22,157)

Pension Assets and Liabilities Recognised in the Balance Sheet

	2019/20 £'000	2020/21 £'000
Present value of the defined benefit obligation	(860,164)	(1,135,275)
Fair value of plan assets	727,422	848,207
Sub-total	(132,742)	(287,068)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £287.068m 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 2022 is £15.569m.

Assets and Liabilities in Relation to Post-Employment Benefits

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

	2019/20 £'000	2020/21 £'000
Opening balance as at 1 April	983,302	860,164
Current service cost	34,227	26,238
Interest cost	23,742	19,851
Contributions by scheme participants	4,958	5,050
Remeasurement gains and (losses):		
Actuarial gains and losses arising on the changes in demographic assumptions	(38,740)	241,279
Actuarial gains and losses arising on changes in financial assumptions	(77,175)	16,173
Other	(38,968)	(9,304)
Past service costs (including curtailments)	826	412
Benefits paid	(24,323)	(24,588)
Liabilities extinguished on settlements	(7,685)	-
Closing balance as at 31 March	860,164	1,135,275

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

	2019/20 £'000	2019/20 £'000
Opening fair value of scheme assets	735,786	727,422
Interest income	17,579	16,749
Remeasurement gain/(loss):		
The return on plan assets, excluding the amount included in the net interest expense	(16,269)	101,417
Contributions from employers	15,115	21,988
Contributions from employees into the scheme	4,958	5,050
Benefits paid	(24,323)	(24,419)
Other	(5,424)	-
Closing fair value of scheme assets	727,422	848,207

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 2020.

The principal assumptions used by the actuary have been:

	2019/20	2020/21
Long-term expected rate of return on assets in the scheme:		
Equity investments	2.3%	2.0%
Bonds	2.3%	2.0%
Property	2.3%	2.0%
Cash	2.3%	2.0%
Mortality assumptions		
<i>Longevity at 65 for current pensioners:</i>		
Men	21.2 years	21.4 years
Women	23.6 years	24.0 years
<i>Longevity at 65 for future pensioners:</i>		
Men	21.9 years	22.4 years
Women	25.0 years	25.7 years
Inflation/pension increase rate	1.9%	2.9%
Salary increase rate	2.6%	3.6%
Rate of increase in pensions	2.3%	2.0%
Rate for discounting scheme liabilities	2.3%	2.0%
Take-up option to convert annual pension into retirement lump sum:		
Service to April 2008	50.0%	50.0%
Service post April 2008	75.0%	75.0%

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

Asset Category	Period Ended 31 March 2021			Percentage of Total Assets
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	
Equity Securities:				
Consumer	13,804	-	13,804	2%
Manufacturing	16,538	-	16,538	2%
Energy and Utilities	707	-	707	0%
Financial Institutions	8,636	-	8,636	1%
Health and Care	6,140	-	6,140	1%
Information Technology	62,369	-	62,369	7%
Other	5,699	-	5,699	1%
Debt Securities:				
Other	-	-	-	0%
Private Equity:				
All	-	28,833	28,833	3%
Real Estate:				
Uk Property	-	60,406	60,406	7%
Overseas Property	-	1,077	1,077	0%
Investment Funds and Unit Trusts:				
Equities	161,725	-	161,725	19%
Bonds	298,988	59,096	358,083	42%
Hedge Funds	-	52,284	52,284	6%
Other	-	34,007	34,007	4%
Cash and Cash Equivalents:				
All	-	37,899	37,899	4%
Totals	574,605	273,602	848,207	100%

Asset Category	Period Ended 31 March 2020			Percentage of Total Assets
	Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	
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	4%
Other	2,635	-	2,635	0%
Debt Securities:				
Other	-	-	-	0%
Private Equity:				
All	-	27,385	27,385	3%
Real Estate:				
Uk Property	-	58,267	58,267	7%
Overseas Property	-	1,016	1,016	0%
Investment Funds and Unit Trusts:				
Equities	111,549	-	111,549	13%
Bonds	269,682	53,628	323,310	38%
Hedge Funds	-	83,067	83,067	10%
Other	-	30,034	30,034	4%
Cash and Cash Equivalents:				
All	-	21,283	21,283	3%
Totals	452,742	274,680	727,422	86%

33 Unusable Reserves

	31/03/2020	31/03/2021
	£000	£000
Capital Adjustment Account	172,544	131,272
Revaluation Reserve	150,089	148,176
Financial Instruments Adjustment Account	(1,259)	(1,269)
Available-for-Sale Reserve	1	-
Pooled Investment Mitigation Reserve	1,833	2,590
Financial Instruments Revaluation Reserve	3,506	3,506
Pensions Reserve	(132,742)	(290,074)
Deferred Capital Receipts Reserve (England and Wales)	31,888	31,888
Collection Fund Adjustment Account	513	(27,328)
Accumulating Compensated Absences Adjustment Account	(4,447)	(5,563)
Total Unusable Reserves	221,926	(6,802)

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)	31/03/20 £'000	31/03/21 £'000
Balance as at 1 April		212,443	172,544
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	(12,806)	(19,766)
Revaluation loss on PPE	21	(2,145)	(47,444)
Amortisation of intangible assets		(127)	(158)
Revenue expenditure funded from capital under statute	24	(16,023)	(7,826)
Carrying amount of non-current assets sold		(25,193)	(4,055)
		(56,294)	(79,249)
Adjusting amounts written out of the Revaluation Reserve		1,932	3,083
Net written out of the cost of non-current assets consumed in year		(54,362)	(76,166)
Capital financing applied in year:			
Restated Use of the Capital Receipts Reserve	9	4,819	2,954
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing		12,164	23,634
Application of grants from the Capital Grants Unapplied Account	7	15,619	7,051
Statutory provision for the financing of capital investment		5,560	887
		38,162	34,526
Movements in the market value of Investment Properties	23	(23,699)	368
Balance as at 31 March		172,544	131,272

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.

	31/03/20 £'000	31/03/21 £'000
Balance as at 1 April	135,080	150,089
Upward revaluation of assets	24,396	3,155
Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	24,396	3,155
Disposal of non-current assets	(7,454)	(1,985)
Difference between fair value depreciation and historical cost depreciation	(1,933)	(3,083)
Balance as at 31 March	150,089	148,176

Available-for-Sale Financial Instrument Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Disposed of and the gains are realised.

	31/03/20 £'000	31/03/21 £'000
Balance at 1 April	1	1
Disolution of Reserve	-	(1)
Revised Balance at 1 April	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	-

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.

	31/03/20 £'000	31/03/21 £'000
Balance as at 1 April	31,889	31,888
Restated Tfr to Capital Receipts Reserve	(1)	-
Balance as at 31 March	31,888	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.

	31/03/20 £'000	31/03/21 £'000
Balance as at 1 April	(4,210)	(4,447)
Settlement or cancellation of accrual made at the end of the preceding year	4,210	4,447
Amounts accrued at the end of the current year	(4,447)	(5,563)
Balance as at 31 March	(4,447)	(5,563)

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.

	31/03/20 £'000	31/03/21 £'000
Balance as at 1 April	(251,439)	(132,742)
Actuarial gains or losses on pensions assets and liabilities	138,614	(146,731)
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	(19,917)	(10,601)
Balance as at 31 March	(132,742)	(290,074)

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.

	31/03/20 £'000	31/03/21 £'000
Balance at 1 April	3,576	1,833
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	(1,743)	757
Balance at 31 March	1,833	2,590

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.

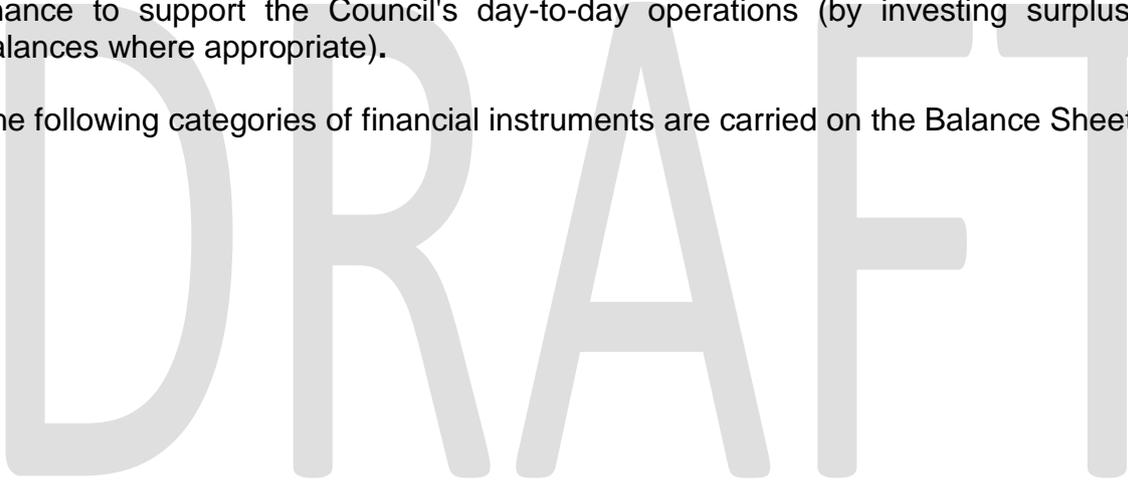
	31/03/20	31/03/21
	£'000	£'000
Balance at 1 April	3,825	3,506
Surplus or deficit on revaluation of financial assets not posted to the Surplus on the Provision of Services	(319)	-
Balance at 31 March	3,506	3,506

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				Total	Total
	Investments		Debtors		Investments		Debtors			
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost	549	301	32,983	33,106	270,000	10,248	66,715	138,704	370,247	182,359
Fair Value through Profit or Loss	30,398	82,028	-	-	8,635	25,873	-	-	39,033	107,901
Fair Value through Other Comprehensive Income - Designated Equity Instruments	1,331	1,331	-	-	-	-	-	-	1,331	1,331
Total Financial Assets	32,278	83,660	32,983	33,106	278,635	36,121	66,715	138,704	410,611	291,591
Equity in Group Entities	324,698	315,832	-	-	-	-	-	-	324,698	315,832
Commercial Properties	302,918	322,238	-	-	-	-	-	-	302,918	322,238
Loans to Registered Providers	-	-	129,500	185,972	-	-	3,209	(3,419)	132,709	182,553
Commercial Loans	-	-	1,916	214,838	-	-	2,772	(11,875)	4,688	202,963
Total	659,894	721,730	164,399	433,916	278,635	36,121	72,696	123,410	1,175,624	1,315,177

Financial Liabilities	Long Term				Short Term				Total	Total
	Borrowings		Creditors		Borrowings		Creditors			
	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Amortised Cost	1,416,294	1,363,980	208	208	153,488	243,533	66,962	104,239	1,636,952	1,711,960
Fair Value through Profit or Loss	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	1,416,294	1,363,980	208	208	153,488	243,533	66,962	104,239	1,636,952	1,711,960
PFI	3,773	3,638	2,902	2,729	126	135	-	-	6,801	6,502
Leases	-	-	691	691	-	-	-	-	691	691
Total	1,420,067	1,367,618	3,801	3,628	153,614	243,668	66,962	104,239	1,644,444	1,719,153

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.

	2019/20		2020/21	
	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	Other Comprehens ive Income and Expenditure £'000
Net gains/losses on:				
• financial assets measured at amortised cost	(3,426)	-	(5,885)	-
• financial assets measured at fair value through profit or loss	(1,743)	-	756	-
• financial assets measured at fair value through other comprehensive income	-	(319)	-	-
• investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-
• financial liabilities measured at amortised cost	-	-	-	-
• financial liabilities measured at fair value through profit or loss	-	-	-	-
Total net gains/losses	(5,169)	(319)	(5,129)	-
Interest revenue:				
• financial assets measured at amortised cost	9,717	-	18,484	-
Total interest revenue	9,717	-	18,484	-
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	(19,327)	-	(27,594)	-
Total fee expense	(19,327)	-	(27,594)	-

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 31/03/20 £'000	As at 31/03/21 £'000
Warrington Borough Transport (100% Holding)	888	888
Redwood Financial Partners Ltd (33% Holding)	30,923	33,507
Birchwood Park (100% Holding)	225,883	225,906
Wire Regeneration (50% Holding)	3,790	3,790
Together Energy (50% Holding)	18,207	18,207
York Solar Farm (100% Holding)	44,341	14,265
Hull Solar Farm (100% Holding)	665	8,052
Incrementum Housing (100% Holding)	-	11,000
Cirencester Solar Farm (100% Holding)	-	217
TOTAL	324,697	315,832

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 2020 £'000	31 March 2021 £'000
Long Term Assets - Non-Listed Securities				
Warrington Sports Holdings Ltd	Level 2	% Equity held of net worth	1,331	1,331
Total			1,331	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 31/03/20 £'000	As at 31/03/21 £'000
Recurring fair value measurements				
<i>Fair Value through Profit or Loss</i>				
Investment in CCLA Property Fund*	Level 1	Unadjusted quoted prices in active markets for identical shares	10,198	10,126
Altana Wealth Corporate Bond	Level 2	Observable inputs for the asset or liability	8,635	10,582
Altana Wealth Managed Account	Level 2	Observable inputs for the asset or liability	-	10,194
Altana Wealth Managed Account	Level 2	Observable inputs for the asset or liability	-	5,097
M7 Investment	Level 2	Observable inputs for the asset or liability	-	2,491
M7 Investment	Level 2	Observable inputs for the asset or liability	-	2,831
Abundance Investment for Liverpool Community Homes	Level 2	Observable inputs for the asset or liability	-	2,475
M7 Box+ I LP Coupon	Level 2	Observable inputs for the asset or liability	-	3,045
M7 Box+ I LP	Level 2	Observable inputs for the asset or liability	-	1,825
M7 Box+ II LP	Level 2	Observable inputs for the asset or liability	-	23,234
Valley Ridge Holding Ltd (MQI)	Level 3	Unobservable inputs for the asset or liability	-	6,300
Technology Enhanced Oil	Level 3	Unobservable inputs for the asset or liability	-	9,379
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	20,122
Total			39,033	107,901

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

	2019/20 £'000	2020/21 £'000
Opening balance	10,200	200
Transfers into Level 3	-	20,000
Transfers out of Level 3	(10,000)	-
Total gains or losses for the period:	-	2,068
• Included in the Surplus or Deficit on the Provision of Services	-	-
• Included in Other Comprehensive Income and Expenditure	-	-
Additions	-	15,679
Disposals	-	-
Closing Balance	200	37,947

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:

	31 March 2020		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
<i>Financial liabilities held at amortised cost:</i>				
Borrowings	1,573,681	1,626,662	1,611,286	1,770,833
Creditors	71,738	71,738	107,867	107,867
Total	1,645,419	1,698,400	1,719,153	1,878,700

	31 March 2020		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets				
<i>Financial assets held at amortised cost:</i>				
Investments	270,549	270,549	10,549	10,549
Debtor General	105,678	105,678	156,516	156,516
Long-term Debtor Housing Associations	129,500	166,804	185,972	168,914
Long-term Debtor Commercial Loans	1,916	5,785	214,838	6,980
Total	507,644	548,816	567,875	342,959

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 2021				
	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	-	1,765,713	5,120	1,770,833
Creditors	-	-	107,867	107,867
Total	-	1,765,713	112,987	1,878,700
Financial assets held at amortised cost:				
Investments	-	-	10,549	10,549
Debtors	-	-	332,410	332,410
Total	-	-	342,959	342,959
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	-	-	70,763	70,763
Total	-	1,625,189	72,236	1,697,425
Financial assets held at amortised cost:				
Investments	-	-	270,549	270,549
Debtors	-	-	278,267	278,267
Total	-	-	548,816	548,816

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 2020/21 Treasury Management Strategy during 2020/21 and a full 2020/21 Treasury Management Outturn Report will be reported to full Council in July 2021.

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 2020/21 was approved by Full Council February 2020. 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 £482.524m deposited with a number of banks and financial institutions at 31 March 2021, 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 2021 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:

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Counterparties	Link Asset Services Credit Rating	Counterparty Type Rating	Category of Instrument	Amount at 31 March 2020 £'000	Amount at 31 March 2021 £'000
Deposits with Banks and Financial Institutions					
Cash and Cash Equivalent					
Santander (Alliance & Leicester)	up to 6 months	A+	Amortised	5,000	15,565
Bank of Scotland	up to 12 months	A+	Amortised	-	-
Natwest Select Liquidity	100 days	A	Amortised	18,316	18,127
Handelsbanken	up to 12 months	AA	Amortised	-	-
Federated Prime Rate MMF	up to 5 years	AAA	Amortised	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	-	13,200
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	22,237	19
Investments					
Rockfire Capital Solar Bond	no credit rating	-	Amortised	-	-
LiveWire	no credit rating	-	Amortised	549	549
Just for Cash Bond	no credit rating	-	Amortised	-	-
CCLA Property Fund	no credit rating	-	FV P&L	10,198	10,126
Municipal Bond Agency	no credit rating	-	FV P&L	200	200
Public Sector Social Impact Fund	Due Diligence	-	FV P&L	20,000	20,122
Altana Wealth	no credit rating	-	FV P&L	8,635	25,873
Various Local Authorities	no credit rating	-	Amortised	270,000	10,000
M7 Real Investment Properties	Due Diligence	-	FV P&L	-	33,426
Abundance Investment for Liverpool Comm Hou	Due Diligence	-	FV P&L	-	2,475
Valley Ridge Holding Ltd (MQI)	Due Diligence	-	FV P&L	-	6,300
Technology Enhanced Oil	Due Diligence	-	FV P&L	-	9,379
Warr Sports Holding Ltd	no credit rating	-	FV OCI	1,331	1,331
Non-Treasury Investments					
Warrington Borough Transport	no credit rating	-	Group	888	888
Redwood Bank	no credit rating	-	Group	30,923	33,507
Birchwood Park	no credit rating	-	Group	225,883	225,906
Joint Venture with Wire Regeneration	no credit rating	-	Group	3,790	3,790
Together Energy	Due Diligence	-	Group	18,207	18,207
York Solar Farm	Due Diligence	-	Group	44,341	14,265
Hull Solar Farm	Due Diligence	-	Group	665	8,052
Housing Co Mgt	Due Diligence	-	Group	-	11,000
Cirencester Solar Farm	Due Diligence	-	Group	-	217
Total Deposits with Banks and Financial Institutions				747,175	482,524
Financial Instrument Long Term Debtors					
Adult Social Care	no credit rating	-	Amortised	1,095	1,219
PFI Finance Lease	no credit rating	-	Amortised	31,887	31,887
Registered Providers/Housing Associations		-	Amortised	129,500	185,972
Commercial Loans		-	Amortised	1,916	214,838
Total				911,575	916,440

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 three investments classified at amortised cost and the total of those investments are £10.549m. The risk of impairment has been deemed to be low and the calculated loss allowance negligible.

Debtor General

The Council has a total of £156.516m of general debtors held at amortised cost, but of that amount £20.415m is with Central and Local Government, and excluded the impairment loss provision. For the remaining £136.101m of general debtors the Council has calculated the impairment loss to £5.885m.

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.

Loans to Housing Associations

The Council has given loan facilities of £602.819m down to Housing Associations to generate new housing, the balance of the drawdowns is £189.391m. For these drawn down loan debtors the Council has calculated an impairment loss between £1.778m and £2.214m. This is backed by collateral of £701.762m.

Commercial Loans

The Council has given loan facilities of £321.121m to five commercial entities, Together Energy, Incrementum Housing Limited, The HUT Group, Warrington Renewable Energy (Hull and York Solar), the balance of the drawdowns is £226.713m.

For these drawn down loan debtors the Council has calculated an impairment loss which is included in the housing association figure above. These are backed by guarantee and debenture.

If the full facilities were drawn down the calculated potential impairment loss would be between £46.131m and £50.263m.

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 has 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 March 2020 £'000	Amount at 31 March 2021 £'000
Less than three months	13,330	10,159
Three to six months	950	724
Six months to one year	944	720
More than one year	5,574	4,248
Total	20,798	15,851

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 A2 (rated as high quality and low credit risk).

The A2 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 A2 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 revenue expenditure, together with any commitments arising in respect of financial instruments.

31 March 2021

Financial Assets Age Analysis	Cash & Equivalent £'000	Investments £'000	Non-Treasury Investments £'000	Adult Social Care** £'000	PFI Finance Lease £'000	Housing	Total £'000	Total %
						Associations/ Commercial Loans £'000		
Less than 1 year	46,911	36,120	-	-	0	15,295	98,326	11%
Between 1 and 2 years	-	23,024	13,242	-	0	14,406	50,673	5%
Between 3 and 4 years	-	60,636	43,146	-	1	18,716	122,499	13%
Between 5 and 9 years	-	-	4	1,219	3	241,214	242,439	26%
Between 10 and 19 years	-	-	225,906	-	9	75,304	301,219	32%
Between 20 and 29 years	-	-	33,534	-	19	49,455	83,008	9%
Between 30 and 39 years	-	-	-	-	41	-	41	0%
Between 40 and 49 years	-	-	-	-	94	-	94	0%
More than 50 years	-	-	-	-	31,719	-	31,719	3%
	46,911	119,781	315,832	1,219	31,887	414,390	930,019	100%

31 March 2020

Financial Assets Age Analysis	Cash & Equivalent £'000	Investments £'000	Non-Treasury Investments £'000	Adult Social Care** £'000	PFI Finance Lease £'000	Housing	Total £'000	Total %
						Associations/ Commercial Loans £'000		
Less than 1 year	111,563	270,000	-	-	0	5,886	387,449	42%
Between 1 and 2 years	-	8,893	-	-	0	4,333	13,226	1%
Between 3 and 4 years	-	30,398	36,377	-	1	9,997	76,773	8%
Between 5 and 9 years	-	301	63,770	1,095	3	38,416	103,585	11%
Between 10 and 19 years	-	-	225,883	-	9	51,974	277,866	30%
Between 20 and 29 years	-	-	-	-	19	26,697	26,716	3%
Between 30 and 39 years	-	-	-	-	41	-	41	0%
Between 40 and 49 years	-	-	-	-	94	-	94	0%
More than 50 years	-	-	-	-	31,720	-	31,720	3%
	111,563	309,593	326,030	1,095	31,887	137,302	917,470	99%

**Estimate of Long Term Debtor

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 2021	
					Total %	Approved Maximum %
Less than 1 year	13,323	0	230,210	243,533	15%	30%
Between 1 and 2 years	13,647	0	0	13,647	1%	30%
Between 3 and 4 years	140,403	0	6,000	146,403	9%	35%
Between 5 and 9 years	238,418	0	0	238,418	15%	30%
Between 10 and 19 years	278,680	0	0	278,680	17%	100%
Between 20 and 29 years	39,282	41,269	4	80,555	5%	100%
Between 30 and 39 years	198,778	0	150,000	348,778	22%	100%
Between 40 and 49 years	189,000	15,000	15,000	219,000	14%	100%
More than 50 years	-	13,500	25,000	38,500	2%	100%
	1,111,531	69,769	426,214	1,607,513	100%	

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.

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 which a significant element 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 money 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 of these instruments, the risk of which 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 £1.243m, comprising £1.342m of additional interest income on investments and £0.099m additional 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 change prices or valuation as outlined below:

- The investments detailed in the table below, 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 £1107k 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 31/03/20 £'000	As at 31/03/21 £'000
CCLA Property Fund	10,198	10,126
Municipal Bond Agency	200	200
Public Sector Social Impact Fund	20,000	20,122
M7 Investment	-	2,491
M7 Investment	-	2,831
Abundance Investment for Liverpool Community Homes	-	2,475
M7 Box+ I LP Coupon	-	3,045
M7 Box+ I LP	-	1,825
M7 Box+ II LP	-	23,234
Valley Ridge Holding Ltd (MQI)	-	6,300
Technology Enhanced Oil	-	9,379
Altana Wealth Corporate Bond	8,635	10,582
Altana Wealth Managed Account	-	10,194
Altana Wealth Managed Account	-	5,097
Warrington Sports Holding Limited	1,331	1,331
TOTAL	40,365	109,232

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 £6.379m.

	As at 31/03/20 £'000	As at 31/03/21 £'000
Warrington Borough Transport	888	888
Redwood Bank	30,923	33,507
Birchwood Park	225,883	225,906
Joint Venture with Wire Regeneration	3,790	3,790
Together Energy	18,207	18,207
York Solar Farm	44,341	14,265
Hull Solar Farm	665	8,052
Incrementum Hsg	-	11,000
Cirencester Solar Farm	-	217
Commercial Properties	302,918	322,238
TOTAL	627,616	638,070

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 2020/21 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. The collateral is broken down further into the following two sections: Deferred Care Charges and Loans to Registered Providers/Housing Associations. 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.	375
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%.	701,762
Total	702,137

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.

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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 2021.

- 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.
- The Council have given a guarantee to Orsted to meet Together Energies energy supply costs from Orsted if Together Energy were unable to meet this cost.
- 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 2021

- 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. £292k was received in 2020/21 (£0k in 2019/20).
- The Council has entered into an agreement with Golden Gates Housing Trust relating to the future sales under the Prescribed Right to Buy (PRTB) regulations. This relates to any future sales of the transferred stock to existing tenants until November 2040. The Council will receive capital receipts at the end of each

financial year for any dwellings sold within the year. The only exclusion to this agreement is former Commission for New Town dwellings where the sale proceeds must be passed onto the Homes and Communities Agency. The Council will receive 100% of the receipt generated net of administrative costs and the net income foregone that is detailed in Schedule 13 of the Transfer Agreement. The Council received £1.837m of right to buy receipts in 2020/21.

- 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 2020/21 amounted to £63k (£596k in 2019/20).

36 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

31/03/20 £'000		Note(s)	31/03/21 £'000
(9,656)	Interest received		(21,900)
21,089	Interest paid		27,275
11,433			5,375

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

31/03/20 £'000		Note(s)	31/03/21 £'000
18,423	Depreciation	21	19,766
2,145	Revaluation (loss)/gain		47,444
127	Amortisation		158
(133)	Increase/decrease in impairment for bad debts		(3,976)
4,874	Increase/decrease in creditors		36,874
(34,751)	Increase/decrease in debtors		(300,422)
(38)	Increase/decrease in inventories		54
19,917	Movement in pension liability		10,601
15,140	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised		703,794
57,186	Other non-cash items charged to the net surplus or deficit on the provision of services		37,096
82,890			551,389

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

31/03/20		31/03/21
£'000	Note(s)	£'000
(1,593)	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(4,977)
(15,140)	Proceeds from sale of property, plant and equipment, investment property and intangible assets	(703,794)
(37,386)	Any other items for which the cash effects are investing or financing cashflows	(31,351)
(54,119)		(740,122)

37 Cash Flow Statement – Investing Activities

31/03/20		31/03/21
£'000	Note(s)	£'000
(294,444)	Purchases of property, plant & equipment, investment property and intangible assets	(48,259)
(364,266)	Purchase of short-term and long-term investments	(602,829)
1,593	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	4,977
15,140	Proceeds of short-term and long-term investments	703,794
38,287	Other receipts for investing activities	34,991
(603,690)		92,674

38 Cash Flow Statement – Financing Activities

31/03/20		31/03/21
£'000	Note(s)	£'000
861,070	Cash receipts of short-term and long-term borrowing	339,560
(119)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(126)
(163,217)	Repayments of short-term and long-term borrowing	(273,550)
697,734		65,884

Reconciliation of Liabilities Arising from Financing Activities

	31 March 2020 £'000	Financing Cash Flows £'000	Non-Cash Changes £'000	31 March 2021 £'000
Long Term Borrowing				
• Long Term Borrowing	(1,416,294)	(1,010)	53,324	(1,363,980)
• PFI Liabilities	(3,773)	126	9	(3,638)
<i>Long Term Borrowing</i>	<i>(1,420,067)</i>	<i>(884)</i>	<i>53,333</i>	<i>(1,367,618)</i>
Short Term Borrowing				
• Short Term Borrowing	(153,488)	(65,000)	(25,045)	(243,533)
• PFI Liabilities	(126)	-	(9)	(135)
<i>Short Term Borrowing</i>	<i>(153,614)</i>	<i>(65,000)</i>	<i>(25,054)</i>	<i>(243,668)</i>
Long Term Leases*	31,888	-	-	31,888
Total Liabilities from Financing Activities	(1,541,793)	(65,884)	28,279	(1,579,398)

* 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, currently provides some 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 2021 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 2020/21 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 2020/21 twenty 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 2019/20 £	Expenditure 2020/21 £	Creditors 31 Mar 2021 £
Bewsey Lodge Primary	287,858	123,950	0
Boteler Educational Trust	40	194,048	0
Bridgewater NHS Trust	524,391	3,393,735	3,305,348
Burtonwood Community Primary Academy	4,568	11,775	0
Catalyst Choices	7,351,321	7,631,490	0
Cheshire Day Nursery	199,585	306,054	5,141
Cinnamon Brow Primary School	*	159,837	0
Culture Warrington	1,510,919	1,433,418	3,250
David Lloyd Leisure	1,200	1,200	0
Get Seen Media	*	10,000	0
Langtree	209,610	57,849	44,507
Livewire	5,249,677	5,196,296	69,516
Lymm High Academy	*	122,949	0
Lymm Youth & Community Centre	*	2,096	0
Momentum	*	9,303	0
Next plc	*	56,249	0
North West Boroughs Healthcare	*	2,453	0
North West Employers	23,183	22,268	356
Our Ladys Primary School	166,143	149,655	0
Room at the Inn	36,356	209,317	16,667
St Philips Primary	96,953	493,462	0
Sankey Valley St James Primary	136,823	144,443	0
Statham Primary	71,148	118,916	0
Torus	1,236,787	347,941	44,340
University of Manchester	*	3,988	0
Warrington's Own Buses (previous Warrington Borough Transport)	534,536	483,155	0
Warrington Credit Union	0	3,240	0
Warrington Disability Partnership	219,516	12,500	148,890
Warrington District Citizens Advice Bureau	596,105	460,457	0
Warrington Labour Group	22,589	23,212	0
Wire Regeneration Ltd	221,531	42,819	97,500

Receipts from Organisations where Members or their spouse hold a personal interest	Income 2019/20 £	Income 2020/21 £	Debtors 31 March 2021 £
Bridgewater NHS Trust	396,447	6,312	0
Burtonwood Community Primary Academy	27,342	59,879	8,640
Cheshire Day Nursery	1,671	1,271	0
Catalyst Choices	621,739	336,875	72,199
Cheshire & Warrington LEP	*	41,307	326
Culture Warrington	88,175	86,924	11
Edge Hill University	*	5,500	0
HMP Risley	*	1,000	0
Livewire	1,319,688	919,099	546,240
Lymm High Academy	84,886	94,116	0
Mersey Forest	*	0	9,900
North West Boroughs Healthcare	*	6,000	0
Room at the Inn	0	1,030	0
Torus	1,236,787	45,651	409,775
Urban Building	0	10,000	0
Warrington's Own Buses (previous Warrington Borough Transport)	212,345	99,681	102,937
Warrington Credit Union	*	1,476	0
Warrington Disability Partnerships	12,328	7,304	0
Wire Regeneration	2,160	2,160	0

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.

Torus (previously Helena Partnerships) have loan facilities 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 seven material declarations in 2020/21, but none were pecuniary interests.

Payments to Organisations where Officers or their spouse hold a personal interest	Expenditure 2019/20 £	Expenditure 2020/21 £	Creditors 31 Mar 2021 £
Alternative Futures	531,478	1,011,112	0
Bridgewater Canal Company	*	4,026	48
Marketing Cheshire	*	22,800	0
University of Birmingham	*	1,000	0
Warrington & Vale Royal College	*	243,826	0
Warrington Wolves Foundation	50,556	17,696	5,000
Wire Regeneration Ltd	221,531	42,819	97,500

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 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 maintaining the properties in the trust and also receives investment income which is shown as part of interest received.

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 2021 some drawdown of the loan had taken place and this will be shown in the Long Term Debtors note 25. Other income received is shown in the table. Also, some HCA grant was received and passed on to Incrementum, but this was net nil transaction.

Two officers of the Council are Directors of Warrington Renewables (York) & Warrington Renewables (Hull), both subsidiaries of the Council. Warrington Borough Council has made loans to both of these companies, which are shown in Long Term Debtors note 25.

Receipts from Organisations with personal interest below. Other income received is shown in the table.

Receipts from Organisations where Officers or their spouse hold a personal interest	Income 2019/20 £	Income 2020/21 £	Debtors 31 March 2021 £
Incrementum Housing Development Company	0	38,633	343,214
Mersey Forest	*	0	9,000
Mersey Travel	*	7,937	0
Together Energy	3,720,743	451,371	11,011,073
University of Chester	*	2,249	0
Warrington Renewable Hull Ltd	*	64,874	397,934
Warrington Renewable York Ltd	*	0	1,190,315
Warrington Wolves Foundation	14,338	3,360	4,400
Wire Regeneration	2,160	2,160	0

Officers' remunerations are detailed in Note 15.

Other Public Bodies

The following table shows the precepts and levies during the year 2020/21.

Precepting & Levying Bodies	Precepts/Levies 2019/20 £	Other Expenditure 2019/20 £	Precepts/Levies 2020/21 £	Other Expenditure 2020/21 £
Police & Crime Commissioner for Cheshire	13,527,902	11,929	13,097,790	1,734,209
Cheshire Fire Authority	6,240,695	81,617	5,428,511	1,084,035
Town and Parish Councils	2,202,768	7,265	2,152,722	93
Cheshire West and Chester Council	621,952	4,721,481	606,417	4,952,470
Manchester Port Health Authority	38,511	0	20,078	0
Environment Agency	127,124	594,555	128,825	310,667

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.

Three Council Members sit on the Board for Cheshire Fire Authority, and one Member sits on the Board for Cheshire Police & Crime Commission.

Entities Controlled or Significantly Influenced by the Council

The Council has three material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. 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)
 - Warrington Renewables (Hull)
- Associate
 - Redwood Financial Partners
- Joint Venture
 - Wire Regeneration

The wholly owned subsidiaries have consolidated into the Group Accounts in line with the 2020/21 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 2020/21 Code.

The joint venture has been consolidated into the Group Accounts in line with 2020/21 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 £3,530,601 of borrowing costs in year in relation to qualifying assets (£3,483,992 – 2019/20). This was calculated using the Council's average borrowing rate in the year expenditure was incurred. This was 2.54% in 2020/21 (2.51% 2019/20).

41 Pooled Budgets

In 2020/21 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:

	2019/20 £'000	2020/21 £'000
Pooled Schemes		
Intermediate Care	8,862	8,573
Protecting Social Care	7,035	7,065
Carers	182	166
Mental Health and Joint Funded Packages	19,915	21,001
Joint Commissioning / Other Support	627	665
Disability Partnership/ WHIA Funding	271	271
Out of Hospital Functions/ Enabling	1,770	1,771
Total Better Care Fund Revenue Expenditure	38,662	39,512
Funding Provided to the Pooled Budget		
Warrington Borough Council	14,139	14,444
NHS Warrington Clinical Commissioning Group	19,320	19,863
Improved Better Care Fund Contribution	5,204	5,204
Total Funding Provided to the Pooled Budget	38,663	39,511
Net Surplus Arising on the Pooled Budget During the Year	1	(1)

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	34	5/9	19
A	Up to £40,000	23,221	6/9	15,481
B	£40,000 - £52,000	18,511	7/9	14,398
C	£52,000 - £68,000	17,600	8/9	15,644
D	£68,000 - £88,000	11,054	9/9	11,054
E	£88,000 - £120,000	6,917	11/9	8,454
F	£120,000 - £160,000	4,262	13/9	6,156
G	£160,000 - £320,000	2,518	15/9	4,198
H	£320,000 and over	171	18/9	340
		84,288		75,744

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	75,169
Less: Tax Base relating to Council Tax Support Allowance	(6,705)
Council Tax Base for Tax Setting	68,464

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 (51.2p for 2020/21 and 49.9p 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 £247,720,667.

The business rates shares payable for 2020/21 were estimated before the start of the financial year as £54.142m to Central Government, £1.082m to Cheshire Fire Council and £53.059m to Warrington Council. These sums have been paid in 2020/21 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 2020/21 to the value of £17.039m.

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

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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, Warrington Renewables (Hull), 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 2021	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 Total Group Entities £'000	Group Reserves £'000
Balance as at 1 April 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>									
Restated Total Comprehensive Income and Expenditure		(38,643)	-	-	(38,643)	162,691	124,048	(19,203)	104,845
Adjustments between accounting basis & funding basis under regulations	7	61,945	(3,225)	9,602	68,322	(68,322)	-	-	-
Restated Increase or (Decrease) in Year		23,302	(3,225)	9,602	29,679	94,369	124,048	(19,203)	104,845
Restated Balance as at 31 March 2020		65,617	25	18,889	84,531	221,926	306,457	(11,033)	295,424
<i>Movement in Reserves during the year</i>									
Total Comprehensive Income and Expenditure		(35,057)	-	-	(35,057)	(143,576)	(178,633)	(6,391)	(185,024)
Adjustments between accounting basis & funding basis under regulations	7	82,463	2,023	666	85,152	(85,152)	-	-	-
Increase or (Decrease) in Year		47,406	2,023	666	50,095	(228,728)	(178,633)	(6,391)	(185,024)
Balance as at 31 March 2021		113,023	2,048	19,555	134,626	(6,802)	127,824	(17,424)	110,400

Both Together Energy and Warrington Renewables (York) have changed their accounting treatment of the loan from Warrington Borough Council. Previously they had been treated as part of reserves and now they are being treated as a long term creditor. This has resulted in a restatement of the 2019/20 financial year.

Analysis of Group Comprehensive Income and Expenditure Statement by Group Entities

Restated 2019/20 £'000		2020/21 £'000
Group (Surplus)/Deficit attributable to:		
38,643	- Restated Warrington Borough Council	35,057
(125)	- Warrington Borough Transport	(21)
-	- Birchwood Park	(9,361)
674	- Redwood Financial Partners Limited	79
(10)	- Wire Regeneration	(346)
120	- Incrementum Housing Development Co	277
(134)	- Together Energy	1,288
262	- Warrington Renewables (York)	1,339
-	- Warrington Renewables (Hull)	1,286
39,430	Total Group (Surplus)/Deficit	29,598
Other Comprehensive Income and Expenditure attributable to:		
(162,691)	- Restated Warrington Borough Council	143,576
-	- Warrington Borough Transport	-
941	- Birchwood Park	11,697
(1,197)	- Redwood Financial Partners Limited	(5,034)
-	- Wire Regeneration	-
-	- Incrementum Housing Development Co	-
17,352	- Restated Together Energy	5,187
1,320	- Warrington Renewables (York)	-
-	- Warrington Renewables (Hull)	-
Restated Total Other Comprehensive Income and		
(144,275)	Expenditure	155,426
(104,845)	Restated Total Comprehensive Income and Expend	185,024

Group Balance Sheet as at 31 March 2021

		Restated 31st March 2020 £'000	31st March 2021 £'000
	Notes		
Property, Plant & Equipment	GR 8	818,939	828,402
Heritage Assets	22	16,973	17,157
Investment Property	GR 9	264,056	265,263
Intangible Assets		574	778
Restated Investments in Associates & Joint Ventures	GR 13	6,759	12,060
Long Term Investments	GR 13	370,576	443,412
Long Term Debtors	25	162,483	370,374
Long Term Assets		1,640,360	1,937,446
Short Term Investments	GR 13	278,635	36,120
Inventories		1,071	4,178
Short Term Debtors	GR 10	101,318	175,796
Cash and Cash Equivalents	GR 11	126,770	77,411
Assets Held for Sale		-	-
Current Assets		507,794	293,505
Short Term Borrowing	GR 13	(153,614)	(243,668)
Short Term Creditors	GR 12	(108,044)	(171,434)
Provisions	29	(8,367)	(8,758)
Current Liabilities		(270,025)	(423,860)
Restated Long Term Creditors	GR 12	(745)	(10,888)
Deferred Tax		(104)	(147)
Grants Receipts in Advance - Capital	20	(5,067)	(5,990)
Grants Receipts in Advance - Revenue	20	(21,390)	(22,390)
Provisions	29	(2,590)	(2,590)
Long Term Borrowing	GR 13	(1,420,067)	(1,367,618)
Long Term Pension Liabilities	32	(132,742)	(287,068)
Restated Long Term Liabilities		(1,582,705)	(1,696,691)
Restated Net Assets		295,424	110,400
Restated Usable Reserves	9	73,498	117,202
Unusable Reserves	33	221,926	(6,802)
Restated Total Reserves		295,424	110,400

Group Cash Flow Statement for the year ended 31 March 2021

	Note(s)	Restated 2019/20 £'000	2020/21 £'000
Restated Net (surplus) or deficit on the provision of services		(57,438)	(39,226)
Restated Adjustments to net surplus or deficit on the provision of services for non-cash movements	GR 14	162,918	566,327
Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities	GR 14	(54,122)	(731,098)
Restated Net Cash Flows from Operating Activities		51,358	(203,997)
Investing Activities	GR 15	(656,443)	50,562
Restated Financing Activities	GR 15	698,175	104,076
Net (increase) or decrease in cash and cash equivalents		93,090	(49,359)
Cash and cash equivalents at the beginning of the reporting period		33,680	126,770
Cash and cash equivalents at the end of the reporting period	GR 11	126,770	77,411

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 has a significant influence over 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 to be added or deducted from the original investment in the associate. This is calculated on an annual basis. This investment is shown on a separate line on the Group Balance Sheet.

Joint Venture

A Joint Venture is 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 £32.033m (2017/18 £10.249m, 2018/19 £19.730m, 2019/20 £0.021m, 2020/21 £2.033m) of share capital 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

The Council purchased a 50% stake in Together Energy in October 2019 for £18m together with granting an 18 month £4m loan (due to be fully repaid in August 2021). A further £16m revolving Credit Facility Loan and a £7.3m Orsted Guarantee have been subsequently agreed by Cabinet which brings the Council's current exposure to Together Energy to £41.2m.

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 Renewables (Hull)

In October 2020 the Council purchased Energy Store 4 Limited, which was later renamed to Warrington Renewables (Hull) Limited. The company owns a 25.7MWp solar farm, 21MWp of battery storage is currently being added to the site due to become operational from October 2021, on land near Hull. 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 (Hull) 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 £1.5m as at 31/03/2020 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 2021 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 2020 and management accounts for the first quarter of 2021 have been used to consolidate Redwood Bank into the Group Accounts.
- Draft accounts for 31 December 2020 and management accounts for the first quarter of 2021 have been used to consolidate Birchwood Park into the Group Accounts.

The financial year-end for Incrementum Housing Development Co, Warrington Renewables (Hull), and Warrington Renewables (York) is 31 March. Draft accounts as at 31 March 2021 have been used to consolidate them into the Council's Group Accounts.

The financial year-end for Together Energy is 31 October. Draft accounts as at 31 October 2020 and management accounts for the five months up to 31 March 2021 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), which must comply with the regulatory framework of Jersey. The JPUT is valued at £219.550m.

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/2021-03/Capital%20strategy%202021-22.pdf>).

For the 2020/21 Statement of Accounts the Council has one contractual obligation that requires the Council to provide financial support in the event of any losses occurred by the Group Entities.

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.

7 Expenditure and Income Analysed by Nature

Expenditure/Income	2019/20	2020/21
	£'000	£'000
<u>Expenditure</u>		
Employee benefits expenses	182,906	176,174
Other service expenses	313,892	313,185
Depreciation, amortisation, impairment	52,442	70,363
Interest payments	21,072	26,877
Expenditure relating to investment properties	19,285	12,612
Precepts and levies	2,235	2,333
Total expenditure	591,832	601,543
<u>Income</u>		
Fees, charges and other service income	(191,182)	(191,506)
Interest and investment income	(12,093)	(20,981)
Income relating to investment properties	(11,708)	(22,044)
Income from council tax, non-domestic rates	(100,602)	(102,099)
Government grants and contributions	(237,481)	(235,048)
Total Income	(553,066)	(571,678)
Surplus or Deficit on the Provision of Services	38,766	29,865

8 Property, Plant and Equipment

Movements in 2020/21

	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 2020	383,493	286,528	56,479	16,986	107,213	4,742	855,441	62,244	917,685
Additions	10,403	26,262	1,185	344	9,644	-	47,838	32,561	80,399
Accumulated depreciation & impairment written out to Gross Carrying Amount (GCA)	(1,552)	-	-	-	-	(197)	(1,749)	-	(1,749)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	2,282	-	-	-	-	693	2,975	-	2,975
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(47,364)	-	-	-	-	(80)	(47,444)	-	(47,444)
Derecognition - disposals	(4)	-	-	-	(3,368)	(2,822)	(6,194)	(20)	(6,214)
Reclassifications & transfers	82,729	9,817	-	389	(95,630)	2,695	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	7,452	-	-	-	-	215	7,667	-	7,667
Balance as at 31 March 2021	437,439	322,607	57,664	17,719	17,859	5,246	858,534	94,785	953,319
Depreciation and Impairment									
Balance as at 1 April 2020	11,377	43,561	27,772	6	-	-	82,716	16,030	98,746
Depreciation charge	8,477	7,146	4,143	-	-	-	19,766	8,156	27,922
Accumulated depreciation written out to GCA	(1,552)	-	-	-	-	(197)	(1,749)	-	(1,749)
Depreciation - disposals	(1)	-	-	-	-	-	(1)	(1)	(2)
Reclassifications & transfers	(197)	-	-	-	-	197	-	-	-
Reclassified (to)/from Assets Held for Sale	-	-	-	-	-	-	-	-	-
Reclassified (to)/from Investment Properties	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	18,104	50,707	31,915	6	-	-	100,732	24,185	124,917
Net Book Value									
Balance as at 31 March 2021	419,335	271,900	25,749	17,713	17,859	5,246	757,802	70,600	828,402
Balance as at 31 March 2020	372,116	242,967	28,707	16,980	107,213	4,742	772,725	46,214	818,939

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
Cost or Valuation									
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
Depreciation and Impairment									
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
Net Book Value									
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

9 Investment Properties

	2019/20	2020/21
	£'000	£'000
Balance as at the start of the year	244,011	264,056
Disposals	(2,339)	-
Net gains/(losses) from fair value adjustments	(29,793)	(1,945)
Additions	48,682	10,819
Transfers (to)/ from Assets Held for Sale	-	-
Transfers (to)/ from Property, Plant and Equipment	3,495	(7,667)
Balance as at end of the year	264,056	265,263

Fair Value Hierarchy

Details of Group investment properties and information about the fair value hierarchy as at 31 March 2021 and 2020 are as follows:

	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
2020/21				
Industrial Ground Rents	-	19,082	-	19,082
Retail Units	-	9,161	-	9,161
Industrial Units	-	222,108	-	222,108
Other	-	14,912	-	14,912
Total	-	265,263	-	265,263

	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
2019/20				
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

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 Council's 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 2020 £000	31 March 2021 £000
Opening Balance	17,010	334
Correction to Opening Balance	-	-
Transfers into Level 3	2,185	-
Transfers out of Level 3	(19,128)	(334)
Total gains (or losses) for the period included in Surplus or Deficit on the Provision of Services resulting from changes in the fair value	217	-
Additions	50	-
Disposals	-	-
Closing Balance	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

	31/03/20 £'000	31/03/21 £'000
Short-term Debtors		
Central Government Bodies	16,900	15,739
Other Local Authorities	1,600	4,676
NHS Bodies	10,582	12,475
Public Corporations and Trading Funds	(2)	(2)
Other Entities and Individuals	72,238	142,908
Total Short-term Debtors	101,318	175,796

11 Cash and Cash Equivalents

	31/03/20	31/03/21
	£'000	£'000
Cash on hand and balances with banks	15,207	30,500
Short-term Deposits	111,563	46,911
Total Cash and Cash Equivalents	126,770	77,411

12 Creditors

	31/03/20	31/03/21
	£'000	£'000
Short-term Creditors		
Central Government Bodies	16,824	45,800
Other Local Authorities	5,415	5,782
NHS Bodies	2,735	5,291
Public Corporations and Trading Funds	-	-
Other Entities and Individuals	83,070	114,561
Total Short-term Creditors	108,044	171,434
Long-term Creditors		
Other Entities and Individuals	745	20,566
Total Creditors	108,789	192,000

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:

	Long Term				Short Term				Total	
	Investments		Debtors		Investments		Debtors		Total	
	31 March 2020 £'000	31 March 2021 £'000								
Financial Assets										
Amortised Cost										
• Warrington Borough Council	549	301	32,982	33,106	270,000	10,248	66,715	138,704	370,246	182,359
• Warrington Borough Transport	-	-	-	-	-	-	1,042	1,407	1,042	1,407
• Birchwood Park	-	-	-	-	-	-	5,107	11,076	5,107	11,076
• Incrementum Housing Development	-	-	-	-	-	-	34	1,336	34	1,336
• Together Energy	-	-	-	-	-	-	21,948	37,908	21,948	37,908
• Warrington Renewables (York)	-	-	-	-	-	-	528	1,239	528	1,239
• Warrington Renewables (Hull)	-	-	-	-	-	-	-	768	-	768
Fair Value through Profit or Loss	30,398	82,028	-	-	8,635	25,873	-	-	39,033	107,901
Fair Value through Other Comprehensive Income - Designated Equity Instruments	1,331	1,331	-	-	-	-	-	-	1,331	1,331
Total Financial Assets	32,278	83,660	32,982	33,106	278,635	36,121	95,374	192,438	439,269	345,325
Loans to Housing Associations	-	-	129,500	185,972	-	-	-	-	129,500	185,972
Commercial Loans	-	-	1,916	214,838	-	-	2,772	(3,419)	4,688	211,419
Commercial Properties	302,918	322,238	-	-	-	-	3,209	(11,875)	306,127	310,363
Equity in Group Entities Not Consolidated	665	315,832	-	-	-	-	-	-	665	315,832
Total	335,861	721,730	164,398	433,916	278,635	36,121	101,355	177,144	880,249	1,368,911

	Long Term				Short Term				Total	
	Borrowings		Creditors		Borrowings		Creditors		Total	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2019 £'000	31 March 2021 £'000						
Financial Liabilities										
Amortised Cost										
• Warrington Borough Council	1,416,294	1,363,980	208	208	153,488	243,533	67,937	104,239	1,637,927	1,711,960
• Warrington Borough Transport	-	-	2,185	2,309	-	-	1,438	2,930	3,623	5,239
• Birchwood Park	-	-	-	-	-	-	10,922	11,894	10,922	11,894
• Incrementum Housing Development	-	-	-	1,932	-	-	558	1,439	558	3,371
• Together Energy	-	-	2,555	17,034	-	-	25,344	48,991	27,899	66,025
• Warrington Renewables (York)	-	-	(6,835)	(3,791)	-	-	3,239	1,218	(3,596)	(2,573)
• Warrington Renewables (Hull)	-	-	-	(398)	-	-	-	723	-	325
Total Financial Liabilities	1,416,294	1,363,980	(1,887)	17,294	153,488	243,533	109,438	171,434	1,677,333	1,796,241
PFI	3,773	3,638	2,902	2,729	126	135	-	-	6,801	6,502
Leases	-	-	691	691	-	-	-	-	691	691
Total	1,420,067	1,367,618	1,706	20,714	153,614	243,668	109,438	171,434	1,684,825	1,803,434

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:

	31 March 2020		31 March 2021	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Liabilities				
<i>Financial liabilities held at amortised cost:</i>				
Borrowings	1,573,681	1,626,662	1,611,286	1,770,833
Creditors:				
• Warrington Borough Council	71,738	71,738	107,867	107,867
• Warrington Borough Transport	3,623	3,623	5,239	5,239
• Birchwood Park	10,922	10,922	11,894	11,894
• Incrementum Housing Development	558	558	1,439	1,439
• Together Energy	25,344	25,344	48,991	48,991
• Warrington Renewables (York)	3,239	3,239	1,218	1,218
Total	1,689,105	1,742,086	1,787,934	1,947,481
Financial Assets				
<i>Financial assets held at amortised cost:</i>				
Investments	270,549	270,549	10,549	10,549
Debtor General:				
• Warrington Borough Council	237,095	237,095	557,325	557,325
• Warrington Borough Transport	1,042	1,042	1,407	1,407
• Birchwood Park	5,107	5,107	11,076	11,076
• Incrementum Housing Development	34	34	1,336	1,336
• Together Energy	21,948	21,948	37,908	37,908
• Warrington Renewables (York)	528	528	1,239	1,239
• Warrington Renewables (Hull)	-	-	768	768
Total	536,303	536,303	621,608	621,608

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 2021

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobserva- ble inputs (Level 3) £'000	Total £'000
Financial liabilities held at amortised cost:				
Borrowings	-	1,765,713	5,120	1,770,833
Creditors:				
• Warrington Borough Council	-	-	107,867	107,867
• Warrington Borough Transport	-	-	5,239	5,239
• Birchwood Park	-	-	11,894	11,894
• Incrementum Housing Development	-	-	1,439	1,439
• Together Energy	-	-	48,991	48,991
• Warrington Renewables (York)	-	-	1,218	1,218
Total	-	1,765,713	181,768	1,947,481
Financial assets held at amortised cost:				
Investments	-	-	10,549	10,549
Debtors:				
• Warrington Borough Council	-	-	557,325	557,325
• Warrington Borough Transport	-	-	1,407	1,407
• Birchwood Park	-	-	11,076	11,076
• Incrementum Housing Development	-	-	1,336	1,336
• Together Energy	-	-	37,908	37,908
• Warrington Renewables (York)	-	-	1,239	1,239
• Warrington Renewables (Hull)	-	-	768	768
Total	-	-	621,608	621,608

31 March 2020

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobserva ble inputs (Level 3) £'000	Total £'000
Financial liabilities held at amortised cost:				
Borrowings	-	1,625,189	1,473	1,626,662
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	-	-	270,549	270,549
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

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

14 Cash Flow Statement – Operating Activities

	Note(s)	31/03/20 £'000	31/03/21 £'000
Depreciation	21	19,135	27,920
Revaluation (loss)/gain		2,145	47,444
Amortisation		127	158
Increase/decrease in impairment for bad debts		(133)	(3,976)
Increase/decrease in creditors		92,978	81,837
Increase/decrease in debtors		(54,006)	(325,495)
Increase/decrease in inventories		(34)	(3,107)
Movement in pension liability		19,917	10,601
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised		15,140	703,794
Other non-cash items charged to the net surplus or deficit on the provision of services		67,649	27,151
		162,918	566,327
		31/03/20 £'000	31/03/21 £'000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	Note(s)	(1,593)	(4,977)
Proceeds from sale of property, plant and equipment, investment property and intangible assets		(15,143)	(694,770)
Any other items for which the cash effects are investing or financing cashflows		(37,386)	(31,351)
		(54,122)	(731,098)

15 Cash Flow Statement – Investing Activities

	31/03/20	31/03/21
Note(s)	£'000	£'000
Purchases of property, plant & equipment, investment properties and intangible assets	(144,465)	(90,372)
Purchase of short-term and long-term investments	(567,001)	(602,829)
Proceeds from the sale of property, plant & equipment, investment property and intangible assets	1,596	4,978
Proceeds of short-term and long-term investments	15,140	703,794
Other receipts for investing activities	38,287	34,991
	(656,443)	50,562

16 Cash Flow Statement – Financing Activities

	31/03/20	31/03/21
Note(s)	£'000	£'000
Cash receipts of short-term and long-term borrowing	861,511	382,938
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(119)	(126)
Repayments of short-term and long-term borrowing	(163,217)	(278,736)
	698,175	104,076

17 Summarised Information of Associate and Joint Venture

IFRS 12 requires summarised information (except where material) for associates and joint ventures consolidated into the group accounts. Presented below is a summarised Statement of Consolidated Income and Consolidated Statement of Financial Position for Redwood Financial Partners Limited.

2019/20	2020/21
£'000	£'000
<i>Statement of Consolidated Income</i>	
(10,363) Interest Income	(16,429)
2,910 Interest Expense	5,003
8,121 Administrative Expenditure	13,480
668 Operating Loss for the Financial Period	2,054
904 Other Comprehensive Income for the Period	12,808
1,572 Total Comprehensive Income for the Period	14,862

31/03/20 £'000	<i>Consolidated Statement of Financial Position</i>	31/03/21 £'000
<u>Assets</u>		
295,855	Cash and Cash Equivalents	462,554
727	Fixed Assets and Other Assets	2,688
296,582	Total Assets	465,242
<u>Liabilities</u>		
(264,027)	Deposits	(400,119)
(2,671)	Other Liabilities	(20,377)
(266,698)	Total Liabilities	(420,496)
29,884	Net Assets	44,746
(29,884)	Equity	(44,746)

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

2019/20 £'000		2020/21 £'000
1,258	Turnover	1,116
(866)	Cost of Sales	(828)
392	Gross Profit	288
(374)	Administrative Expenses	(308)
18	Operating profit	(20)
2	Interest Receivable and Similar Income	-
	Gain Arising on Fair Value of Investment	-
	- Property	693
20	Profit Before Tax	673

	2019/20 £'000	2020/21 £'000
Fixed Assets		
Tangible assets	-	39
Investment property	8,326	8,995
	8,326	9,034
Current Assets		
Stocks	851	865
Debtors	54	356
Cash at Bank and in Hand	534	330
	1,439	1,551
Creditors	(312)	(413)
Net Current Assets	1,127	1,138
Provisions	(97)	-
Total Assets less Current Liabilities	9,356	10,172
Deferred Tax	-	(143)
Net Assets	9,356	10,029
Capital and Reserves		
Share Capital	7,408	7,408
Profit and loss account	1,948	2,621
	9,356	10,029

Glossary of Terms

AAA FITCH RATING

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

AA FITCH RATING

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

A FITCH RATING

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

ACCOUNTING PERIOD

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

ACCRUALS

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

ACTUARIAL GAINS AND LOSSES

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

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

ASSET

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

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

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

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

BOND

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

BORROWING

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

BUDGET

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

CAPITAL EXPENDITURE

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

CAPITAL FINANCING

Funds raised to 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.

DRAFT

STATEMENT OF ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at 31 March 2021. 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 2020/21 ("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, whereby there is a contract that gives rise to an asset of one entity and a financial liability or equity instrument of another entity. 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 that are not capital expenditure 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 2021. For non-PWLB loans the fair value is calculated using the standard new loan rate, also published by the PWLB on 31 March 2021.

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 118 to 145.

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 after having regard to 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 a value of at least 20% of the building value and a useful life 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 or Charitable Trust, 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 or Charity 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

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